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THE INTERNATIONAL SHARE-OUT

THE INTERNATIONAL SHARE-OUT

by
BARBARA WARD



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TABLE I
COLONIAL EMPIRES

	METROPOLITAN POWER.			COLONIAL TERRITORY.	
	Area (sq. miles).	Population.	Population per sq. mile (approx.).	Area (sq. miles.).	Population.
Great Britain	98,041	46,010,500	488	2,375,000*	61,500,000
France	212,659	41,997,056	197	4,502,500	63,552,000
Holland	12,698	8,556,920	673.9	793,280	64,097,000
Japan	147,611	69,254,148	469	601,400†	60,160,000
U.S.A.	2,973,776	129,257,060	41.3	711,500	14,143,900
Belgium	11,775	8,330,959	707	94,1,860	12,900,000
Italy	119,714	42,993,602	355.2	924,800	9,769,800
Portugal	34,254	7,260,000	185.6	807,900	8,720,000
Spain	196,607	24,583,096	125	129,000	1,005,000
Germany‡	181,699	66,130,491	363	1,027,820§	12,233,892
Poland	150,052	34,221,000	228		

* Excluding Anglo-Egyptian Sudan.

† Including Manchuria.

‡ Excluding Austria.

§ Germany's pre-war Empire.

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INTRODUCTION

COLONIAL EMPIRES

i. The Colonial Powers

THE nine colonial Powers—Great Britain, France, Holland, Japan, the United States, Belgium, Italy, Portugal, and Spain—the one ex-colonial Power, Germany, and the one semi-colonial Power, Russia, are not at a uniform phase of colonial development. They have acquired their overseas possessions at different times, and their expansive energy has been unevenly maintained. Portugal shot her bolt in a hundred years at the end of the Middle Ages, whereas Great Britain has a history of unbroken colonial activity spreading over four centuries.

Of the existing empires not all are expanding to-day. Some may even be on the verge of complete disappearance. The empires of Portugal and Spain are poor remnants of what was once a vast colonial domain. Holland, too, inherits her colonies from an epoch of activity which is already three hundred years old; however, unlike Spain and Portugal, she has managed to retain the bulk of her old possessions. Belgium is another Power whose expansive activities are probably at an end, but her prize, the Belgian Congo, is of very recent date.

France and Great Britain, the two largest colonial Powers, have acquired their empires in a somewhat hap-

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hazard fashion through the course of three or four hundred years. The question whether they are still actively expanding is difficult to answer. The fact that at the end of the war they transferred the colonial territory of their defeated enemy, Germany, to their own empires (*cf.* Table II.) suggests that they are, but the *method* of the transfer gives the impression of a changed outlook. The old German

TABLE II
GERMANY'S OLD COLONIES

	Area (sq. miles).	Population.
I. AFRICA.		
Togo	33,700	1,032,346
Cameroons	191,130	2,650,591
South-West Africa	322,450	94,386
East Africa	384,180	7,651,106
2. ASIA.		
Kiauchau	200	168,900
3. PACIFIC.		
German New Guinea	95,160	601,427
(inc. N. Pacific islands)		
Samoa	1,000	35,126
Total	1,027,820	12,233,892

colonies were transferred to the Allies but *not* as colonial property pure and simple. The system of Mandates was introduced which, by establishing international control and entailing certain definite obligations (equal economic opportunities for all nations and guarantees for native welfare), may have opened a new era in colonial enterprise, and did at least show that the old colonial Powers had become self-conscious over their imperialism. (*cf.* Table III.)

The United States falls into a category by itself. After

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a period of marked imperialist ambition at the close of last century, it has now abandoned interest in overseas expansion and is actively engaged in liquidating those obligations such as the Philippine Islands, which it incurred some thirty years ago.

Of the remaining Powers, Germany would expand if she could. Italy's conquest of Abyssinia is so recent that she must be ranked with the aggressively expansionist Powers ; while in 1937 China became the victim of an imperialist war launched by the latest comer to the colonial field, the Japanese Empire.

It is possible, therefore, to divide the colonial Powers into three categories : in the first fall Portugal and Spain, whose empires are decadent, the last remains of vanished glory ; in the second we may group Great Britain, France, Holland, and Belgium, who hold their colonial possessions intact but are unlikely to add to them ; thus their empires are static ; in the last category stand Japan, Italy, and Germany, all expansionist in fact or in intention. A special category must be reserved for the United States, which is neither decadent nor static but actively "contractionist."

2. Early Colonial Enterprise

The first impetus to overseas expansion was given by tales of the wealth and merchandise of the Orient brought to Europe by Arab traders and travellers such as Marco Polo at the close of the Middle Ages. The first voyages of discovery were voyages designed to open up new trade routes to the East, and thus to break the Arab merchants' monopoly. Portugal had the earliest success. Vasco da Gama sailed round the Cape of Good Hope in 1485 and reached Calicut ; Albuquerque conquered the Arab trading stations on the coasts of India and drove the Moslem traders from the Indian Ocean. For a hundred years Portugal was the greatest colonial Power.

Portugal's methods set the fashion for colonial development for the next four hundred years. The Dutch drove out the Portuguese, the British drove out the Dutch and

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fought the French, but until the close of the eighteenth century the only territories to change hands were the trading stations which linked the native kingdoms with the

TABLE III
THE MANDATES

		Area (sq. miles).	Population.
	1. ASIA		
	Palestine (Britain)	10,429	1,383,320
	Syria (France)	57,900	3,630,000
	2. AFRICA		
From Germany.	<i>Great Britain</i>		
	Tanganyika	360,000	5,063,544
	Togo	13,041	338,650
	Cameroons	34,081	825,616
	<i>France</i>		
	Cameroons	166,489	2,379,508
	Togo	21,893	737,056
	<i>Belgium</i>		
	Ruanda-Urundi	20,535	3,509,094
	<i>Union of S. Africa</i>		
	South-West Africa	317,725	358,532
	3. PACIFIC		
From Germany.	Samoa (New Zealand)	1,130	55,946
	New Guinea (Australia)	93,000	548,291
	North Pacific Islands (Japan)	830	66,000 (approx.)

merchants from Europe. Thus the colonial struggle was not concerned with territorial aggrandizement but with trade monopolies, and the key to the development of the different empires was to be found not in the land masses of Asia and America but on the high seas.

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Colonization proper—settlement, the conquest of land—occurred only where the climate of the hinterland behind the coast was temperate and the native peoples politically unorganized and culturally backward. In America these conditions were present. When in the late fifteenth century the search for a western passage to the East brought the Spanish conquistadores to America, they overran Mexico and Peru because they found peoples who were incapable of resisting them, and whose economic systems were not sufficiently advanced to make regular trading profitable; moreover, the climate in these lands was such that the conquerors could settle. Thousands came out from Spain and Portugal; new communities, new self-conscious national units, new states, arose, which at the beginning of the nineteenth century were strong enough to throw off the colonial yoke and become the independent countries of South America.

In North America, France and Great Britain were the colonizing Powers. Here again the defencelessness of the native Redskins and a temperate climate made settlement possible, but it is important to remember that until the close of the eighteenth century only the North Atlantic seaboard had been properly colonized. So long as every day's journey from the sea added to the difficulties of marketing and transport, the oceans (as in the East) remained the centres of activity.

During the eighteenth century the British conquered the French in North America, and were in their turn excluded from the thirteen American colonies by their own colonists, who in 1776 declared their independence. Thus, like Portugal and Spain, both France and Great Britain lost vast colonial empires in the New World; but unlike Spain and Portugal, they were able to compensate themselves for their loss elsewhere.

3. *The Nineteenth Century*

Paradoxically, the century which was to see the most violent colonial expansion in history opened in an atmos-

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phere of indifference to colonies. In the eighteenth century the old colonial empires had emancipated themselves when the Americas achieved independence. In current democratic thought, independence became the recognized goal of colonial policy, and the normal course for colonies was to ripen and finally fall from the parent tree.

At about the same time economic changes due to the Industrial Revolution converted the business world to the standpoint of the democrats. Great Britain held the lead in industrialization. She could produce more goods more cheaply than any other competitor, and could undersell her rivals in the markets of the world. The need for a monopoly disappeared. Under such conditions the teeming towns of Europe, the vast populous markets just the other side of the Channel, were far more interesting than empty lands across a thousand miles of ocean. The industrial machine produced its goods for the metropolitan Powers, not for their colonies. The need to control colonies was no longer felt, with the result that the first half of the nineteenth century was relatively free from aggressive colonial enterprise.

Yet it was a period of vast peaceful expansion. Europe after the Industrial Revolution began to produce a large surplus population just at a time when new means of transport made it possible for them to emigrate and seek a new life overseas. The Americas were the usual goal of emigration. Although both North and South were now sovereign and independent, nevertheless they remained, until the close of the nineteenth century, the greatest "settlement" colonies the world has ever seen.

It was almost by a series of accidents that at the beginning of the nineteenth century Great Britain found herself in control of most of the remaining uncolonized land of temperate climate. Australia had been annexed at the end of the eighteenth century, mainly to forestall a French attempt to settle on a vulnerable flank of Great Britain's Indian trade routes. New Zealand was acquired as late as 1840, not specifically as land for settlement, but to protect the white colonists already settled there. South Africa was transferred from Dutch to British sovereignty at the

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close of the Napoleonic wars. Although some 26,000 Dutch colonists lived there already, they had never thought of expanding into the hinterland ; and the Dutch, true to the earlier colonial tradition, had regarded their colony not as a base for settlement, but simply as a convenient port of call on the long voyage to India.

It was in these territories, lying in temperate climates, that the typically nineteenth-century belief in the ultimate independence of the colonies received concrete expression in the series of acts whereby "Dominion Status" was conferred upon Canada, Australia, New Zealand, and finally South Africa.

Colonial indifference came to an abrupt end in the 1860's and was replaced by its antithesis, an expansive imperialist activity of relentless purpose and power. The change was largely due to changes in the industrial structure and national outlook in Europe. Great Britain had lost her industrial lead. New producers—France, Germany, Belgium, the United States—began to compete upon the markets of Europe and the world. They did not find growing populations clamouring for their goods ; they found markets already well supplied, often nearing saturation point. Europe as a whole was all too fully provided for, and openings for profitable investment were not what they had been. The whole economy was beginning to feel the typical capitalistic strain of glut due to the maldistribution of wealth among the consuming public.

At the same time new methods of transport, notably the railway, were beginning to open up the hinterland of continents whose coasts alone had been colonized in the past. Where the railways went, settlers followed, new communities sprang up with mouths to feed and bodies to clothe. Thus the appearance of new outlets overseas for goods and capital coincided with the first signs of strain inside the European economy. The scramble for overseas investments and markets began.

But there were a host of competitors in the field. German capitalists went concession-hunting side by side with British and French in Africa. China was a prey to American and Japanese enterprise as well. Inevitably,

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their conflict took on a national aspect. The nineteenth century was not only the century of the Railway King, the limited liability company, and the internal combustion engine. It was the age of Bismarck and the Italian Risorgimento as well. Nationalism and industrialism were the two forces which coalesced to form the modern Leviathan, the Nation-State. Thus when capitalists began to feel the pressure of competition, they made use of national divisions to create protected markets and monopolies—a return to the nationally exclusive policy of eighteenth-century mercantilism. Economics were backed by national feelings, trade barriers were fused with patriotism in the popular mind.

The extension of this exclusive policy to the colonial sphere created modern economic imperialism. National prestige and national power came to back the attempts of capitalists to control and monopolize markets in Africa and Asia, and from backing the capitalists it was but a small step to annexing territory outright, and excluding once and for all the trading interests of any but the nationals of the annexing Power.

This co-operation of State and private enterprise is the distinguishing characteristic of economic imperialism, and helps to account for its terrifying force. The vast resources of the modern Leviathan were mobilized in the interests of commerce. The capitalist went out secure in the knowledge of that armoury of diplomatic pressure, economic sanction, and armed force with which the State was prepared to enforce his claims. The extent to which at this period, when economics had devoured the whole of human life, the government had come to identify itself with the commercial classes, is well illustrated by a speech which Joseph Chamberlain made in Birmingham in 1896. "All the great offices of State," he said, "are occupied with commercial affairs. The Foreign Office and the Colonial Office are chiefly engaged in finding new markets and defending old ones . . . it is not too much to say that Commerce is the greatest of all political interests and that the Government deserves most the popular approval which does most to increase our trade and to settle it on a firm foundation."

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It is, therefore, hardly surprising that the colonial expansion of this era of imperialism was the most rapid and vigorous in history. Capitalist concessionaries of various nationalities arrived in Africa, in the Middle East, in China. Once "treaties" with the natives had secured their claims, their rivalries were a source of constant friction. Behind them stood the watchful metropolitan Powers ready to step in and "annex" should local native opposition or rival capitalists threaten the private concessions of their nationals. In Africa 11 million square miles were annexed in thirty years. China began a long agony of dismemberment which is still in progress. The independence of Turkey, Persia, and Afghanistan was reduced to a shadow. It was as though in a few decades a redistribution of the world's surface had taken place.

Many Powers owe the whole of their colonial empires to this period. Italy, Belgium, and Germany acquired colonial territory for the first time. In the Far East Japan narrowly escaped the fate of China, thereafter to become the first great oriental colonial Power and the first threat to the supremacy of the white man. The Great War, which was hastened by this imperialist rivalry, changed the colonial distribution by depriving Germany of her Empire, and by enabling Japan to begin the process of exclusion of all non-Japanese interests from "East Asia"—a process which is still going on. In the post-war years the character of imperialism has, as we shall see, undergone modifications, but the partition of Africa has been continued under the new conditions as under the old. The disappearance of Abyssinia in 1936 is the most recent chapter in African imperialism.

4. The Position To-day

A glance at Table I shows the very uneven distribution of colonial territory; between the 4 million square miles of France and Germany's lack of a single colonial acre lies a descending scale of colonial possession. In point of fact, population figures are sometimes a better guide than territorial statistics, for the sum of square miles

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gives no idea of the wealth of a colony, whereas the number of people it can support does provide some indication. France's 4 million square miles include most of the Sahara, and thus it is hardly surprising that the fertile Dutch East Indies, although they are six times smaller in area, support a much larger population.

This is but one illustration of the difficulties which beset any attempt to divide colonial Powers into "Haves" and "Have Nots." What is to be the standard of comparison? The area? The population? The fertility? The ratio between colonial and metropolitan territory? The number of inhabitants or even the pressure of population? In point of fact, the distinction has been made for us. Japan, Italy, and Germany are the "Have Nots." Every other colonial Power is a "Have."

That this should be so proves conclusively that the division is not based on statistics. Germany, admittedly, is a "Have Not" in the fullest sense. Not only has she no colonies now, but she has lost every acre of her old Empire. But Italy? And Japan? Italy has over a million square miles of colonial territory to her credit, and although most of her Libyan colony is desert, she still controls over 9 million colonial subjects. If Italy is a "Have Not" Power, then surely Poland, Czechoslovakia, and Sweden have an even better claim to the title.

Japan is even more confusing, for here is a "Have Not" which is already the fourth largest colonial Power in point of population, and is at present engaged upon a campaign which may place her *vis-à-vis* 400 million Chinese, in a position only analogous to that of Great Britain in India. That Japan should be a "Have Not" Power suggests that factors other than actual distribution determine "Have Not" status.

The decisive point in all these cases is not the fact of previous expansion, but the desire to expand further. France, Great Britain, Belgium, Portugal, and Holland are "Have" Powers because they do not want to add to their possessions by force of arms. Germany, Italy, and Japan are "Have Nots" because apparently they are prepared to do so. Thus a much more significant division would be

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between "Satisfied" and "Dissatisfied" Powers, for satisfaction notoriously bears no absolute relation either to need or to the degree of satisfaction already achieved. If Japan's conscious ambition is the domination of the Pacific, then doubtless "satisfaction" will be dependent upon her control of Australia and New Zealand. If her conscious designs are limited to an "East Asian Bloc," possibly the conquest of China will transform her into a "Have" Power.

Similarly with Italy; if Mussolini has abandoned his dreams of a reconstituted Roman Empire, then possibly his recent statement that Italy is "satisfied" with the conquest of Abyssinia may have transferred her to the ranks of the "Satisfied" Powers, but clearly it is his ambition and not Italy's need which will determine the case. The same difficulty of interpretation arises over Germany. If the Western Powers were a little clearer as to the point at which Germany will achieve "Have" status they might consider her colonial claims more generously. The fear that "satisfaction" will recede a step with each concession is a powerful deterrent to negotiation.

A final point which proves the arbitrary nature of the line between "Have" and "Have Nots" is illustrated by Poland. She has no colonies; her population, which is increasing rapidly, is greater than that of Holland, Belgium, Portugal, or Spain, and her pressure of population greater than that of France. Poland has, moreover, voiced her discontent and pressed her claim. That she does not rank with the "Have Not" Powers is due to one significant fact—her relative military weakness. Thus we must add one more modification to our definition of "Have Not" status. Not only must the Power feel dissatisfied, not only must it voice its discontent, but it must also be strong enough to make its neighbours feel uneasy. It is not mere accident that all three "Have Not" Powers are Great Powers as well.

But, however arbitrary and difficult it may be to define the division between "Haves" and "Have Nots," it represents at present a deep cleavage in international life, and it is the purpose of this book to touch upon one or two

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of the problems raised by the division. Before examining the claims and grievances of the various Powers, it is important to know the facts of the case under discussion. Thus Part I. deals with the question whether and in what way colonies are worth having. There is an obvious tendency among the "Have" Powers to write off their colonies as expensive appendages, combined, however, with an obvious unwillingness to give them up. On the side of the "Have Nots" exists an equally marked tendency to attribute all their economic evils to their complete or relative lack of colonial possessions.

The facts once established, it will be easier to turn to the problems dealt with in Part II., those of the rival *claims and recriminations* of the "Have" and "Have Not" Powers.

PART I

THE COLONIAL BALANCE-SHEET

CHAPTER I

OUTLETS FOR POPULATION

THE idea underlying the desire to possess "colonies for settlement" is that colonial territory can be acquired and made use of as a dumping ground for surplus population at home. As a motive for colonization it was popular about the seventies and eighties of last century, and since the war Germany, Italy, and Japan have all raised the cry that they are "nations without room" who must expand or face starvation. The idea is attractive, because it is so simple. Here there are too many people, there empty lands. Effect a transfer and a double problem is solved, what to do with the surplus mouths and what use to make of the undeveloped territory.

Like so many simple ideas, this notion of a transfer of surplus population to colonial territory is very misleading, for there are a thousand and one qualifications to make which destroy the simplicity of the idea and the validity of the argument. Certainly, it is true that colonial settlement has played an extremely important part in the world's history. During the nineteenth century 40 million emigrants left Europe, the vast settlement colonies of Canada, Australia, New Zealand, and the United States were peopled, the South American states received a steady stream of settlers, and it is reckoned that some 9 million Chinese left their country to settle in various parts of the Far East. True, some 21 millions returned to Europe,

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so the figures of net emigration are only 19 millions, but 19 millions is still an important number from a single continent. Moreover, the apparent relief of pressure is increased by certain secondary advantages, for example, the remittances sent by emigrants to their families in Europe, which by now must have amounted to millions of pounds, or the growth of European industry and European wealth, thanks to the creation of new markets in the Americas.

But however impressive these figures of overseas migration may be, the important point is not how many people went, but where they went to ; for the pressure of surplus population is being used as a plea not for emigration anywhere, but for emigration in one specific direction, namely, to territory controlled by the metropolitan country. Here statistics tell a very different story. Nineteen million permanent emigrants left Europe, but of these only about 500,000 (one thirty-eighth) settled in the colonies. Three-quarters of all the colonial territory owned by European states lies in Africa, but Africa received under 2 per cent. of the emigrants. Over one-fifth of European colonial territory is in Asia, and Asia received under 1 per cent. To the Americas, where European countries own barely one-fiftieth of the territory, went 90 per cent. of the emigrants. Of the permanent settlers, over 16½ millions went to the American continent, and this leaves about 2½ million settlers for the whole of the rest of the world, which accounts for some nineteen-twentieths of all colonial territory.

These figures must suggest that the fact of possession or political control over territory is unimportant in relation to the number of settlers who go there. Statistics of the individual countries bear this out. Holland has one of the wealthiest colonial empires, and the pressure of population at home is one of the highest in Europe. Yet in spite of these facts, not only has there been no influx of Dutch into the Dutch East Indies, but about 17,000 more people have returned home from the Dutch colonies than ever went out to them. Belgium is another country with a high pressure of population at home, and she possesses a colonial empire eighty-five times as large as herself. Yet

OUTLETS FOR POPULATION

Belgian emigration to the whole of Africa amounted to 188 between 1890 and 1905, and between 1913 and 1924 it fell to 4. Before the war there were some 19,000 Germans in the German colonies, about one-third the number of Germans living on Manhattan Island in New York. The case of Italy is even more striking. Before the war emigrants left Italy at a rate of 300,000 to 600,000 a year. Now Italy acquired her East African colony of Eritrea about 1889. Yet in 1908 it contained only 2,271 Italians, including its garrison. The case of Great Britain is perhaps a slight modification of the general rule of the non-importance of colonial territory, but even with the Dominions open to her (they were open to others as well) the total emigration of British settlers to the Dominions from 1815 to the present day is only 36 per cent. compared to the 57 per cent. who went to the United States. And even 36 per cent. is misleading, for every year numbers of the Canadian settlers have re-emigrated to the United States.

The factors which determine the flow of emigration are barely influenced at all by the fact of colonial status. The greatest colony for settlement in history is the United States, and since 1776 it has not been a colony. The fact of its ceasing to be a colony had no effect upon the numbers who afterwards settled there, and in 1907, a peak year for emigration, when well over a million people came in twelve months, the United States had enjoyed complete sovereignty and independence for one hundred and thirty-three years. The United States are an admirable illustration of those factors which do vitally influence colonization. Climate is the first determinant. It is curious that a fact so obvious should be so frequently overlooked. The United States lie mainly in the temperate zone, and the settlers as they pushed west found themselves in an invigorating atmosphere, hard but healthy. They did not succumb to tropical diseases, nor were their pioneer spirit and physical strength sapped by extremes of heat.

Two factors follow which are closely related both to climate and to each other. The first is space and the second fertility. Enough land does not in itself guarantee

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a livelihood and economic opportunity. To settle and prosper the emigrant must be able to scratch a living from his land, or get employment in local industry. In America these conditions were fulfilled. There was land and there were natural resources, and—this is another important point—the lands were empty. The aborigines (in this case the Red Indians) were never numerous enough to set up a serious obstacle to the pioneers' advance.

If we take these four factors—climate, land, natural resources, and relative emptiness—and apply them to the development of colonies, we can see just why actual political possession of a territory has counted for so little in regulating the flow of "surplus population." In all the great "colonies for settlement" these conditions were more or less fulfilled. Canada had land and resources and was empty, but climate restricted emigration to some extent, and of the $16\frac{1}{2}$ millions who went to the American continent, only about $1\frac{1}{2}$ millions remained in Canada. A cold climate also barred certain types of settler. Emigrants tended to come from the countries of Northern Europe. The United States, vast, rich, unpeopled, with every type of climate, opened its gates to every one, and received over 9 million colonists from every country. The South Americas, with undeveloped land and temperate and tropical climate, followed the United States with some $5\frac{1}{2}$ million emigrants, but drew them mainly from the Latin countries. For example, under 1 per cent. of the emigrants from Spain and Portugal went to the United States, and 84 per cent. settled in South America, where they found fellow-countrymen and their own speech and religion.

Australia and New Zealand were colonized, not by the political fiat of Great Britain, but again because there were natural resources, empty lands, areas of temperate climate, and in the case of Australia no resistance from the primitive aboriginal tribes. In fact, both Australia and New Zealand are striking examples of how little colonization depends upon the political control of the colony. Great Britain annexed New Zealand in 1840 not to colonize it, but because over two thousand white settlers had started

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colonizing it already, while the amount of emigration to Australia was increased far more by the news of the gold mines in West Australia than by the policy of the government at home in defraying part of the emigrants' passage money.

The case is even clearer when we turn to the lands which have not been colonized for settlement. During the last fifty years 85 per cent. of the African continent has passed under European control, and during the same period permanent emigration from Europe has amounted to, roughly, 300,000 souls. The reason for this was that save for the north coast, certain high plateaux in the centre, and most of the area covered by the Union of South Africa, the whole continent is unsuited to white settlement. The climate is unendurable, and although much of the land is extremely fertile, none of it was empty as had been the case in America. There were 12 million natives in the Congo when in 1882 Leopold first set up his International Association. It is true that the blessings of white civilization had reduced this number to about 8 millions by 1907, but the fact remains that not only was Africa unsuitable from the point of view of climate, but it was too densely inhabited as well. Wherever, in spite of a large native population, white men have attempted, as in Kenya, to establish a "white man's country," the result has been a dangerous source of injustice and friction.

China and India were never settled by white men for similar reasons — doubtful climate and the existence of swarming populations. Climate and the natives kept the Dutch out of the East Indies. The West Indies are an uncomfortable compromise. White men found they could live there. The islands were fertile, and on some of them it was possible to exterminate the natives. But the climate was a serious drawback to any active exploitation of the islands' riches by the whites themselves, and there arose the curious phenomenon of a new coloured population imported from Africa to do the hard manual work. Thus in the West Indies there are two alien races, one servile and one not. Under such conditions the governing group of white settlers has remained small.

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The difficulties created by climate and the existence of large native populations are so obvious that the "outlets for population" plea for colonies enjoyed only a very short prestige before the war. In the eighties certain German and French imperialists appear to have imagined that France and Germany could find vast acres of unexploited territory in Africa and Asia to found settlements for the surplus millions of the mother country. The motive was soon discreetly buried, for towards the end of the century France was no longer producing a surplus population at all, and her colonizing efforts up to that time were hardly encouraging. New Caledonia had been a French colony since 1851, and the authorities held that it could support a million French colonists. In spite of sending out convicts, and later of settling peasants on the land, the population in 1899 was still only 20,000. It is true that 25,000 French families settled in Algeria, but as Yves Guyot pointed out in 1885, "if one desired to represent allegorically the cost in population of these 25,000 colonists in Algeria, each would be sitting on four corpses and guarded by two soldiers." Yet Algeria from the point of view of climate was certainly more suitable for white settlement than the general run of African colonies.

Germany cherished hopes of colonies for settlement overseas under her own flag for rather longer, for her population continued to expand until late in the century; but emigration began to fall off just about the time when she began to piece together an Empire. One hundred and seventy-one thousand emigrants left Germany in 1885, but by 1898 the number had fallen to 22,921. Moreover, the territories which Germany managed to annex in Africa were more likely to be a white man's grave than his source of livelihood. What a Frenchman said of the French Empire applies equally well to Germany's. "They speak pompously of our African empire, and indeed only one thing is lacking, the possibility of living there." In 1913 Germany had acquired over a million square miles of colonial territory, but the German inhabitants numbered only some 19,000.

That Great Britain never made use of the population

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fallacy was due not to her superior common sense, but to the fact that the British people could emigrate as they pleased to the United States, Canada, Australia, New Zealand, and South Africa. This apparently is an exception to the rule, for, if we leave out the United States, British emigrants were going to territories politically controlled by the mother country. The fact is nevertheless irrelevant to the question whether colonies are valuable as outlets for population. They may be, but if they are it is not because they happen to be colonies. The British Dominions are no exception. British people emigrated there not because they were going to British territory, but because the land was temperate, fertile, and uninhabited. And so did Italians, Germans, Swiss, Letts, Finns, and Scandinavians; for until the end of the nineteenth century the British Dominions and the United States were accessible to all emigrants (and most of them preferred the United States).

The laws which have been passed in the last forty years to restrict emigration, laws which in many cases discriminate against different nationalities, create a new position which we shall discuss later with reference to the claims of the dissatisfied Powers, but even discriminatory immigration Acts do not change the basic fact that European countries cannot send surplus populations to colonies where climate, or infertility, or pressure of native populations makes European settlement impossible.

The point that the British Dominions are now as sovereign and independent as the United States will also be discussed later. But it is useful to remember here that the independence claimed and achieved by all the great settlement colonies, the United States in 1776, the South American states in the 1820's, and the British Dominions at various times during the nineteenth century, is only another proof that ownership, the possession of the colony by the mother country, is irrelevant to the question of settlement and surplus population.

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CHAPTER II CAPITAL INVESTMENT

i. *Settlement and Investment*

OUTLETS for population and outlets for the investment of capital are linked in a special way. When Powers talk glibly of controlling areas for the settlement of their surplus peoples they usually neglect the fact that settlement requires a large outlay of money before it can be effective, and the less attractive the territory, the larger must be the supply of capital necessary to establish a real settlement colony. By this time the parts of the world which are not already occupied are on the whole the less promising and less fertile areas. Supplies of capital and opportunities for settlement are therefore inseparable.

Send a farm hand without either tools, seed, or a small money reserve to the highlands of Abyssinia, and you might as well drown him in the Red Sea. The former method is only a rather more roundabout way of "liquidating" him. This need of a capital backing militates against the settlement of surplus population on colonial land, and helps to explain the fact we noticed in Chapter I., that emigration to the Americas has been on a much bigger scale than to any other area. The United States offered the chance of a livelihood even to the poorest emigrant; in the early days he could get land, not by buying it, but by going far enough west to take it for the finding. Even when the supplies of free land were exhausted, he could still hope to be absorbed into America's rapidly expanding industrial system. But to-day the poor emigrant, who is after all the citizen of whom the mother country wants to be rid (there is no "pressure of population" on the wealthy), is defenceless if he is dumped down in some African wilderness where he could stake out a claim to a thousand acres of sand and yet be no nearer

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a livelihood, and where there are no local industries to pay him a living wage.

The amount of necessary capital backing varies according to the country. An emigrant to Australia who wishes to settle on the land should be able to count on £300, and the Australian government often helps to provide the money. In Kenya, on the other hand, a farmer is unlikely to be successful unless he has a reserve of £3,000 to £4,000, a fact which tends to create a special settler type recruited from among the wealthier classes at home, who never becomes a colonist in the old pioneer sense but is only a large employer of black labour.

This problem of black labour is another reason why capital investment must accompany settlement in colonial territories. Destitute Europeans streamed out to the United States because they could be sure of finding empty land in a temperate climate ; and later, when the land had been divided up, they could join an industrial working-class, whose living conditions were if anything better than their own. But in the case of colonies in tropical countries (and most of the "colonial" areas to-day lie in tropical and sub-tropical regions), the land is already supporting a large native population. Only imperialist politicians and pamphleteers can seriously make much of the ludicrous notion of "great empty spaces" in Africa. Moreover, this native population exists at a definitely sub-European standard of living. White men, if they were sent without any money backing, would not find land for the asking, and they could not compete in the labour market with natives living and working at a much lower level than themselves. In 1933 M. Montiero referred to the "tragic situation which would be created by the transfer by a government of any considerable number of its citizens to colonial areas with the aim of solving the unemployment and poverty question at home." The danger would lie in the creation of "a vast white proletariat in regions where it would be difficult to succour them."

The conclusion, therefore, seems to be that if colonies are to be valuable outlets for surplus population the government at home must have large capital reserves at

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their disposal in order to create conditions in the colonies under which European settlers can live. In the case of the "Have Not" Powers, the chances are that such capital reserves will not be available.

2. Advantages of Colonial Investment

Investment in foreign countries has been relatively independent of any political ownership of territory. The flow of capital resembles the flow of migration in that economic opportunity, not political control, has been the determining factor—a point which is very clearly brought out by the behaviour of what might be called "pioneer capital." Pioneer investment can resemble pioneer settlement in that it precedes political control of a territory, and may become one of the main reasons why control is established later on. When Bismarck annexed the Cameroons and Togoland to protect the interests of investors in the German West African Company, his action recalls the annexation of New Zealand by Great Britain in 1840 in the interests of the 2,000 white colonists who had already settled there.

Capital in search of investment is quite indifferent to political control. Great Britain's overseas investments in 1913 amounted to nearly £4 billion. Of this 12.7 per cent., or only £478 million, was invested in the dependent colonial empire (including India), while 20 per cent. was invested in the United States and another 20 per cent. in Latin America. The largest share (34.6 per cent.) went to the Dominions, but this only confirms the unimportance of political control, for in 1913 they had many years of independence behind them.

French investment has a similar history. Of all her foreign investments in 1914 over 27 per cent. was invested in other European countries, and the share of the colonies was a miserable 4 per cent. After the war the position did not at first change much. Between 1927 and 1933 over 60 per cent. of France's investment was European, very few new colonial issues were floated, and it is only recently

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that the State has undertaken a new programme of colonial investment. It is true that Great Britain has increased the percentage of her investment with the British Empire, but this is obviously not due to any newly acquired political control. On the contrary, India achieved a certain economic autonomy after the war, but British investments have increased from £378 million to £540 million between 1913 and 1930.

The sum of all the capital invested in colonial dependencies is small compared with the total volume of foreign lending. And if we are trying to establish the value of colonial investment, it is not a straightforward matter of recording the amount of capital which has been sunk in colonial development. Some colonial investments have been and are valuable, some not, for like every form of investment they fluctuate violently according to general conditions in the market. For example, investments in the rubber concerns of Malaya paid 18 per cent. in 1910, 22 per cent. in 1919, and 3 per cent. in 1920. Nor is it easy to establish a norm. Many firms after paying high dividends for some years have become bankrupt, and in these cases the home government has sometimes stepped in and taken over the business of the bankrupt concern. Now which period are we to take as our standard of comparison? The time of high profits when certain investors were prospering, or the later period when the cost of patching up a commercial failure fell on the taxpayer at home?

Colonial investments can be valuable, but valuable for whom? Which sections of the population stand to gain by colonial development? This is a problem connected not only with colonial investment but with supplies of raw material and markets too, for it is a fundamental one in deciding the value of colonies to the mother country. It is simply loose thinking to refer to the community at home as though it were in some sense a single entity. England is a highly complex society made up of different groups and different interests which do not all stand to profit by the same thing. The rôles of taxpayer and investor are not interchangeable, and while the taxpayer sometimes

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foots the bill in the matter of the ownership of colonies it is the investor who reaps the benefit.

To give an example, the sum of British publicly issued securities in all South Africa in 1913 amounted to about £370 million. The Union of South Africa was by that time a self-governing, self-financing province, but against this £370 million must be set roughly £250 million, which was what the Boer War cost Great Britain. Or take the question from a rather different angle. Although it would not be fair to set the total cost of British defence against the advantages of colonial commerce, we may perhaps ask how much of our naval expenditure is due to our possessing a distant and very scattered colonial empire which is the largest item on that list of "vital interests" we are pledged to defend.

Great Britain is not the only example. In 1914 Germany's investments in all Africa and all Asia (that is to say, in all her colonies, together with other African and Asiatic countries) amounted to some 3,000 million marks. By that time she had been in control of her colonies some twenty years, and it is reckoned that during that period the cost of administering the colonies (quite apart from the price she paid to acquire them) amounted to nearly 2,000 million marks more than local receipts such as customs and excise. And there are plausible grounds for adding to this colonial outlay a percentage of Germany's naval expenditure, for the Kaiser's dream of making Germany a colonial Power of the same stature as Great Britain was at the bottom of the vast sums spent on the German navy, and this being the case, ought not a proportion of the catastrophic expenses of the pre-war naval armament race, and even of the Great War itself, to be added to our list?

But we must not be too sweeping. As the cost of administering a colony is usually covered by local receipts, allotting to the colonies a definite share in the burden of general defence is a somewhat arbitrary process. Nevertheless it is true that if every Power enjoyed the same commercial advantages in colonial territory as the metropolitan country without ever having had to incur the expense of acquiring and administering that territory,

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then political ownership would be something of an incubus, and there would be some grounds for regarding colonial dependencies as millstones round the neck of the mother country.

But it is quite evident that other Powers do not enjoy equal advantages with the metropolitan country, for we have still to consider the question whether ownership of a colony does not give a preferential advantage to the investors of the mother country. Such an advantage would be a valid economic reason for advocating political control.

Two different kinds of discrimination are possible. The first is due, not to any positive steps taken by the metropolitan Power, but to the general situation created by the fact of colonial ownership. In theory a dependent territory may be open to the investors of any country, but the investors in the mother country may still enjoy a privileged position; colonial securities are often quoted only on the metropolitan stock markets of the mother country. The national investor has a much greater chance of assessing the value or risk of an investment, thanks to his contact with officials on the spot. A common language may help, as may all the other intangible advantages which a long commercial connection tends to create. And in these days of exchange restrictions and capital embargoes (about which we shall have more to say later), the fact of having a currency common to both the metropolitan and the colonial area may be an effective means of keeping out foreign investors.

An interesting example of this is the Belgian Congo. Although the Open Door (equal economic opportunity for all countries) is guaranteed by treaty, easily the largest share of the capital invested there has been provided by Belgium. Again, in the Netherlands East Indies there are no legal restrictions placed upon foreign investment (an exception is made over mining), but the bulk of the capital is owned by Dutch investors. Indeed, the influence of these real though intangible advantages is such that the metropolitan Power of every colony tends to be the biggest investor in that colony, even though, as we have seen, its

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colonial holdings are a very small part of all its foreign investments.

The second type of discrimination is the result of a conscious policy of exclusion on the part of the metropolitan Power. In the British colonies the only example of this is an embargo upon the foreign exploitation of British petrol ; but wherever a concession is granted to a single company to exploit a whole area (the British South Africa Company in North and South Rhodesia, for example) it effectively excludes other competitors, and naturally such sweeping concessions are usually made to citizens of the colonial Power.

French policy is to keep out foreign capital unless two-thirds of the investing company is controlled by Frenchmen. The Portuguese (rather unsuccessfully) impose restrictions, and the Japanese have adopted a policy of complete exclusion, preventing fresh investment by foreigners in their dependencies, and buying out the companies which have already been established for some time. The more virulently such a policy is pursued, the greater the financial advantage to the mother country, but the greater the sense of grievance in other countries ; whereas passive discrimination, although it is quite effective, is less likely to cause international friction.

We are now in a position to draw certain general conclusions about the merits and demerits of owning colonies as fields for investment. First of all, it is obvious that the value of a territory as a field of investment is due to its productivity and is independent of the question of control. A thousand bare acres in Libya will not blossom overnight by the mere fact of having suffered a change of ownership. Libya owned by anybody is a poor field for investment ; the United States and Java, one independent, one colonial, would still be profitable fields for investment even if their positions were reversed. Next, we have seen that the absolute value of colonial capital is very small compared with the whole volume of international investments, and that in some cases this value is lessened by various political costs which are directly the result of colonial ownership. Finally, we have seen that these costs should not be exag-

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gerated because, almost without exception, the metropolitan Power has secured first place as investor of capital in the colony, not necessarily by a definite policy of exclusion, but by reason of the many economic advantages political ownership bestows.

CHAPTER III

COLONIES AND RAW MATERIALS

IT was the fabulous tales of Cathay and of the riches of the Spice Islands that first enticed the nations of Europe into colonial adventure, and in spite of a thousand deceptions, something of the naïve belief in the existence of undiscovered wealth in foreign lands still haunts men's minds—and especially the minds of politicians—when they talk of the value and necessity of possessing colonies.

Before we can decide whether this belief is valid we must settle two points. First, there is the question whether colonies are in fact valuable sources of supply. Then we have to find out whether owning a colony is the surest way of tapping its resources, for (as in the case of colonial investments) if possession of the colonies gives no special advantages, and all countries can share its wealth on a footing of equal opportunity, then obviously there is nothing to offset the political costs of defence and administration. The metropolitan Power holds the door open for everybody else, and pays the doorkeeper as well. This question of equal opportunity is not usually a question of access to colonial supplies. Colonial raw materials are paid for, whoever buys them, and securing them is part of the more general question of colonial trade. We will leave trade policies, discriminatory or otherwise, to the next chapter, and first examine the question whether in fact the colonial dependencies are valuable sources of supply.

What are the most important raw materials and food-stuffs? The list is bound to be fairly arbitrary, but for foodstuffs we might take wheat, beef, mutton, and pork,

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cheese and butter, cane and beet sugar, citrus fruits and bananas, coffee, tea, cocoa, and tobacco. Only one of these foodstuffs can with any justice be called a colonial product ; the colonies account for 74 per cent. of the world's supply of cocoa. Tea is another important colonial commodity. Although India's status is not strictly colonial and her 42 per cent. share in the world supply of tea must be subtracted from the colonial share proper, it is still as high as 48 per cent. Next comes cane sugar (35 per cent.) and bananas (30 per cent.). In no other case is the percentage over 10 per cent. Cocoa, tea, sugar, and bananas ! No one would call these "staple foods," and we can get an even clearer idea of the relative unimportance of colonial food supplies from some other figures. None of the world's mutton and none of the world's cheese, 0.7 per cent. of its butter, under 2 per cent. of its wheat, 1 per cent. of its pork, 1.5 per cent. of its beef, come from the colonies. In fact the most important suppliers of foodstuffs are not colonies at all but sovereign powers, New Zealand, for example, Denmark, or the Argentine.

Dr. Goebbels defined "coal, iron, oil, cotton, rubber and copper" as "the basic materials of modern industrialism." His list is obviously far too limited, for many once unimportant minerals are now being used in the manufacture of special steels and metals, and are growing in importance as substitutes. Suppose, however, that we make an arbitrary selection of minerals and vegetable products, and examine the sources of supply for coal, iron, petrol, copper, lead, tin, zinc, aluminium (bauxite), nickel, mercury, asbestos, graphite, potash, and phosphates ; and for rubber, cotton, wool, jute, silk, olive and palm oil, and the soya bean. How do the colonies stand as sources of world supply ?

There are only two purely colonial products, rubber, 96 per cent. of which comes from colonial territory, and palm oil with nearly 99 per cent. If Manchuria be counted as a colony, then the soya bean becomes an almost purely colonial product with about 90 per cent. growing in the colonies. Tin makes a good showing with nearly 60 per cent., and there are graphite with 46 per cent., phosphates with 52

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per cent., copper with 21 per cent. For the other commodities the colonial supplies are unimportant. They amount to less than 4 per cent. for iron ore, lead, zinc, tin, coal, petrol, asbestos, and potash ; under 14 per cent. for olive oil, aluminium, and nickel ; and there is no mercury at all. Obviously, with the exception of rubber and copper, Dr. Goebbels's basic materials do not abound in colonial territory.

As in the case of foodstuffs, the principal raw material producers are sovereign states, and if we take Dr. Goebbels's list again we find that Great Britain and the U.S.A. are the biggest suppliers for coal, France and the U.S.A. for iron, the U.S.A. and the U.S.S.R. for petrol, India and the U.S.A. for cotton. Rubber is colonial, but Chile produces almost as much copper as all the colonies, with the U.S.A. next on the list.

These figures are to some extent misleading, for they refer to known productive capacity, not to reserves and possibilities of future exploitation. Italy may literally strike oil in Abyssinia, the U.S.A. is a good example of the difference between actual and potential wealth. At present the American oilfields are producing 60 per cent. of the world's supply of oil, the British Empire 5 per cent. But it is estimated that the British reserves account for 16 per cent. of the world supply, those of the U.S.A. for only 14. Now this factor of potential wealth is important, because colonial territory is far less exploited than most metropolitan countries, so the chances of discovering untapped sources of wealth is relatively higher in the colonies than, say, in Europe.

The figures are misleading in another sense as well, but this time the misconception tends to lessen the value of colonial supplies. The statistics give no idea of the amount of variation and substitution which is possible between alternative sources of supply. A 99 per cent. colonial production of palm oil is far less imposing when we remember that cotton seed, soya, peanuts, coconuts, olives, sesame, castor seed, and linseed all give oil, and that these oils are all interchangeable. And we should not forget the possibilities of manufacturing synthetic substitutes. The classic

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example (though not a colonial one) is that of Chile. In 1914 Chile had a monopoly of nitrates. Germany was cut off from this supply during the war, and discovered a way of getting nitrates from the nitrogen in the air. Under her Four-Year Plan Germany is still busy devising substitutes. If "buna," an artificial rubber, should ever cost less to produce than it does now, the value of natural rubber and the importance of this one really colonial product would go the way of Chile's nitrates. Oil from coal is another possibility, at present costly, but which may very well revolutionize the production of petrol.

In spite of the relatively small importance of the colonies as sources of supply, it is interesting to see how the various powers divide up the colonial wealth between them. Great Britain has the lion's share with more than half the rubber, tin, copper, and palm oil produced in the colonies, as well as some graphite, phosphates, bauxite, and a little petrol. France and Holland are fairly well provided, France with all the nickel, about three-quarters of the phosphates and olive oil, some graphite, tin, and rubber, Holland with more than half the bauxite, a good supply of rubber and tin, some petrol, phosphates, and palm oil. But the other colonial empires are poor. Italy has a little olive oil, Portugal too; Spain some iron ore. Japan does somewhat better with graphite, silk, iron ore, and a little cotton. The position is roughly the same with regard to foodstuffs. Great Britain has the largest share with about 80 per cent. of the cocoa, just over half the tea, about half the cane sugar, nine-tenths of the citrous fruits (most of these come from her Palestinian Mandate), and nearly half the bananas. Next comes Holland with a little coffee, tobacco, and cane sugar, and nearly half the tea, then France with some bananas, cane sugar, tobacco, and cocoa. As with raw materials, the other colonial empires are poor. Japan has cane sugar and bananas, but in this instance the fact of not including rice in our list of foodstuffs gives rather a misleading idea of the value of Japan's colonies, which have been developed with the view of supplying the mother country with rice, and do in fact export thousands of tons to her each year.

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The colonial empires of Spain, Portugal, and Italy are negligible as suppliers of foodstuffs; Spain has some bananas and cocoa, Portugal a little cocoa, and Italy some bananas, but the percentages are very small.

It might be interesting to examine one last point, the position of the old German colonies as sources of foodstuffs and raw materials. Tanganyika produces a very little coffee, the Cameroons and Togoland some cocoa. Raw materials include some asbestos and phosphates, a little lead, and a very little copper—not a very impressive list when we compare it with Dr. Goebbels's basic industrial raw materials, "coal, iron, oil, cotton, rubber, and copper."

After making due allowance for the possibility of discovering new supplies, or a new scientific method whereby the sands of the Sahara can be transformed into wool, soap, or synthetic rubber, it is still true to say that colonial supplies are unimportant compared with the world's resources, and the fact of possessing or not possessing those territories which are at present colonial (or dependent) can have little effect upon the supplies available for industry or consumption at home. To give a simple illustration, it would be much more valuable for Germany to conquer Sweden than to get back the Cameroons.

CHAPTER IV

THE VALUE OF COLONIAL TRADE

GIVEN the relative poverty of the colonial areas, it is hardly surprising that colonial trade is not a very important fraction of world trade, in fact about 11 per cent. This proportion varies in different countries. The table on page 38 gives the figures for 1934.

Some of these figures are a little misleading. The Dutch colonies in America are left out, so are Manchuria and Japan's Mandated Islands. But once more the table shows that, with the possible exception of France and Japan, colonial trade forms an unimportant percentage of the total

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trade of the mother country ; and even when these two countries *are* included, the share of the colonies as a whole in the total trade of their metropolitan countries does not amount to much more than 25 per cent.

As we shall see, Japan and France have adopted a rigidly exclusive policy in their colonial dependencies. Does this

<i>Imports from their colonies.</i>		<i>Exports to their colonies.</i>	
	Percentage of Total Imports.		Percentage of Total Exports.
France.	25.5	France.	29.9
Japan	23.1	Japan	22.0
United States.	18.8	Portugal	11.2
Portugal	10.9	Great Britain.	10.4
Great Britain.	7.5	United States.	9.6
The Netherlands.	5.6	Italy	7.2
Belgium	5.4	Spain	4.4
Spain	1.9	The Netherlands.	4.3
Italy	1.6	Belgium	1.1
Germany (1913)	0.5	Germany (1913)	0.5

mean that the arguments in favour of possession—actual political ownership—are valid ? While we are attempting to answer this question we should bear in mind that even if the metropolitan country can make its colonies more valuable to itself by excluding foreign competition, the relative value in terms of its total trade is still fairly unimportant.

CHAPTER V

THE OPEN DOOR

THE policy of the Open Door is put into practice when the metropolitan country admits foreign traders on a footing of equality with its own citizens, and when no attempt is made to divert colonial exports to the home market or to keep out goods coming from other countries. It implies, too, that foreigners are able to invest capital and obtain

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concessions as easily as capitalists and merchants from the mother country. An Open Door policy does not mean that no duties are placed on goods coming into the colony. Customs are the staple, and often the only reliable, source of revenue with which to cover the costs of administration, and without them colonies would be uncomfortably heavy millstones. The Open Door policy simply means that the tariffs, high or low, are applied to all goods without discrimination wherever they may come from.

It must not be thought that the Open Door is a rarity in colonial practice. A number of international agreements have secured it over large areas in the colonies, particularly in Africa. One of the earliest of such agreements is the treaty covering the Congo Basin. In the eighties of last century Leopold II., the king of Belgium, used the International Congo Association to set up an independent state in the Congo, and his action was the signal to begin a general scramble for African territory. It was fear of exclusion which led all the Powers to grab territory wheriver they could lay hands on it, and it was fear of exclusion which brought them together to sign two General Acts (of Berlin in 1885 and of Brussels in 1890) regulating trade in the Congo Basin. Leopold, thanks to his good start, was able to keep his "concessions," but Great Britain, France, and Germany safeguarded themselves against him and each other by laying it down that the goods of all nations should enter the Congo Basin without discrimination in the matter of import duties (this was modified at Brussels). After the war the older Acts were replaced by the Convention of St. Germain, signed by all the Great Powers except Germany. The only change is that no limit is imposed on the height of the import duties, but as in the General Acts there is to be no discrimination. The importance of this convention is obvious, for it covers the Belgian Congo, parts of French Equatorial and Portuguese West Africa, Ruanda-Urundi, Kenya, Tanganyika, Uganda, Nyasaland, Zanzibar, part of Abyssinia and Italian Somaliland, the northern part of Northern Rhodesia, and part of the Anglo-Egyptian Sudan.

Another pre-war treaty was the Algeciras Convention of 1906 guaranteeing the Open Door in Morocco. France

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renewed this pledge when she established a Protectorate over Morocco in 1922.

For some time an Anglo-French Convention dating from 1898 was responsible for a policy of non-discrimination in Nigeria, the Gold Coast, Dahomey, and the Ivory Coast, but this agreement came to an end in 1936. As Mr. Eden pointed out at Geneva in 1937, Great Britain has taken no advantage of this fact to set up imperial preferences.

But the most important international agreement on equal colonial opportunity and the Open Door is the Covenant of the League. Article 22 is a new departure in colonial practice, not so much because it imposes the Open Door, but because it sets up an international body, the Permanent Mandates Commission, to see that the Power to which the colony or Mandate is entrusted fulfils its obligation. In taking over the Mandate the metropolitan Power guarantees identical personal rights to the nationals of all State Members of the League, and complete economic, commercial, and industrial equality with one reservation which we shall discuss later. The Mandates scheme did represent an attempt to achieve a new standard in international morality, for by establishing the Open Door the victorious Powers gave up any exclusive rights they might have claimed, and sacrificed a certain measure of sovereignty by accepting the control of the Permanent Mandates Commission. Whether they were justified in transferring Germany's colonial empire to themselves at all is another matter.

There are three types of Mandate, the A, B, and C Mandates. The A Mandates covered those countries which were held to be almost ready for independence. Great Britain was given an A Mandate for Iraq and Palestine. The Iraq Mandate came to an end, and Iraq achieved independence in 1932. France has an A Mandate over Syria and Lebanon, and here too the Mandate is in process of liquidation. All the provisions about equal opportunity hold good of A Mandates.

B Mandates cover most of the old German colonies in Africa. Great Britain secured Tanganyika, and divided up Togoland and the Cameroons with France. Belgium was

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given the 20,000 square miles of Ruanda-Urundi. In B Mandates the provisions for equality and non-discrimination are in force.

The other old German colonies are administered under C Mandates. Now in these Mandates, although the control of the Permanent Mandates Commission is recognized, no limitations are imposed to safeguard the economic interests of other Powers. The Mandatory state is at liberty to administer its C Mandates "as integral portions of its territory." In practice, discrimination has been frowned on by the Commission, but the fact remains that the right to discriminate is recognized. The territories under C Mandate are mainly in the Pacific, New Guinea administered by Australia, Samoa by New Zealand, and various groups of South Sea Islands (the Marianne, the Marshall, and the Caroline Islands) by Japan. The tiny island of Nauru is mandated to the British Empire. The only other C Mandate is in Africa. South-West Africa (once German South-West Africa) is administered by the Union of South Africa.

These, then, are the territories covered by international agreements, and with the exception of C Mandates, pledged to observe the Open Door. The question remains whether the Powers have in fact honoured their signature and adopted a policy of non-discrimination, and whether in spite of the Open Door guarantee the Mandatory or metropolitan Power does nevertheless enjoy a preferential advantage over other countries. An examination of the statistics shows that in Palestine, Tanganyika, French Cameroons, French Togoland, and Ruanda-Urundi the bulk of the exports from the Mandate go to the metropolitan Power, which likewise supplies the highest percentage of the Mandate's imports in the case of Palestine, Tanganyika, and French Cameroons. Thus in the A and B Mandates the bulk of the exports go, with only two exceptions (British Cameroons and Syria), to the metropolitan Power, which also supplies most of the colony's imports in three out of the seven Mandates. These facts seem to point to some discrimination.

If we take certain other colonies, guaranteed by various

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international conventions, we find that the metropolitan Power enjoys still more definite advantages. French Morocco (guaranteed by the Algeciras Convention) buys the bulk of its goods from France, Nigeria (subject to the Anglo-French Convention of 1898) takes over 55 per cent. of its imports from Great Britain, while in the Belgian Congo and Kenya (both guaranteed by the St. Germain Convention) the mother country is the most important source of supply.

How does discrimination arise? In Mandated territory the fact that the Mandate agreements only apply to "State Members of the League" has not in practice led to discrimination against the United States, Germany, or Japan, and the Mandates Commission has had no cause to protest at breaches of the Open Door agreement. And yet the figures show us definite advantages enjoyed by the Mandatory Power in at least three of the colonies. Some discrimination can creep in through a reservation attached to the B Mandates that "the Mandatory shall be free to organize essential public works and services on such terms and conditions as he thinks just." The result has been that, except for large public works which must in Mandated territory be submitted to international tender, the colonial government gets all its supplies from the mother country. But the real reason why the Mandatory Power enjoys a privileged position is not a matter of policy at all. The privilege is built up on all the commercial, political, and sentimental ties which unite colonial officials and European trading communities to their mother country; language is one of the most important of these ties. Last of all, there is the factor of exchange, for Mandated territories belong to the currency area of the metropolitan country.

The even greater advantages enjoyed by the metropolitan Powers under the Congo Act or the Morocco treaty are also due not to a definite policy of discrimination which violates the Open Door pledge, but to all these national advantages which are hard to define and impossible to calculate, but which, taken all together, make up some kind of case for the political ownership of colonies.

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CHAPTER VI

THE COLONIAL TRADE OF FRANCE

FRANCE has the largest colonial empire in point of size, her colonies play a larger part in the trade of the mother country than do those of any other Power, and her colonial system is a closed system of inter-imperial preference and empire free trade—three reasons why France ought to be in a better position than most Powers to make her colonial empire pay its way.

France's colonial policy has always been restrictive, and she put the final touch to a long series of protective measures when, by the law of April 13, 1928, a customs union was set up between France and certain of her colonies, while in most of the others a tariff system was introduced which discriminated strongly in favour of the mother country.

The status of her colonies varies. Algeria is not regarded as a colony at all, but as a prolongation of France. It is a department, sends members to Parliament, and is administered under the Home Office. Naturally enough its commercial relations with France are very much on the same footing as the internal trade between any two departments in France itself. Tunis has the same tariff régime as Algeria (that is to say, the tariffs of the mother country are applied to all foreign goods), and there is nearly a complete customs union between Tunis and France.

The Open Door is preserved by treaty in Morocco, by the League Covenant in France's Mandated territories and in the interests of the entrepôt trade in French Somaliland.

The colonies in which there is not a full customs union, but a tariff system very favourable to France, are called "non-assimilated." These are part of Gaboon, New Caledonia and other Pacific Islands, and French India.

The "assimilated" colonies—those into which a customs union with France was introduced in 1928—are Indo-China,

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Madagascar, Guadeloupe, French Guiana, Martinique, and Réunion. A customs union is naturally the most restrictive tariff policy which it is possible to adopt, for it amounts to giving the colonies 100 per cent. preferences and receiving 100 per cent. preferences from them in return. Thus it is hardly surprising that a quarter of France's imports come from her colonies, and that she sends to them well over a quarter of her exports. For the colonies themselves the figures are much higher. In 1933 they sent 75 per cent. of all their exports to the mother country, and in return took from her 66.7 per cent. of their total imports.

The importance to France of her colonies was increased by the economic crisis. A system of bounties or premiums for colonial raw materials was introduced, and when France established a very complicated quota system in 1931, restricting various imports to a fixed amount, none of these restrictions applied to colonial produce. The speed with which the customs union, the bounty system, and this exemption from quotas revolutionized colonial trade is shown by the following percentages: colonial imports into France were 12.5 per cent. of France's total imports in 1930, 20.9 per cent. in 1932, 25.3 in 1934. French exports to the colonies rose from 20.6 per cent. in 1930 to 32.4 per cent. in 1933, although they fell away again to 29.9 in the following year. These figures are to some extent misleading, for part of this really staggering increase in France's colonial trade was due not to an absolute increase in value but to the fact that all her foreign trade fell away disastrously during the economic crisis. In fact the *value* of colonial imports into France actually fell between 1930 and 1934 from 6.5 milliard francs to 5.8 milliard francs, but during the same period the value of her total imports fell from 8.8 to 5.5 milliards, so naturally the colonial share showed a big relative increase. But even allowing for this, it is clear that France's trade and that of her colonial empire are growing to be more and more dependent one on the other.

This fact was recognized and underlined at a Colonial Conference held in Paris in 1934 and 1935. The aim of the conference was to stimulate interest in the colonies

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among French financial and business circles, and to study ways of making the French Empire more valuable to the mother country ; the potential colonial sources of raw materials were discussed and the possibilities of making more use of them, of encouraging the colonies to concentrate on raw materials which would help French industry and of raising the standard of living of the colonial peoples, so that their demand for French goods would increase. The colonial minister, M. Rollin, spoke enthusiastically of getting coffee, tea, tobacco, zinc, tin, lead, wool, silk, rubber, and petrol from the Empire, and a general plan was prepared to cover an expenditure of 14 milliard francs on colonial development.

This, however, is only one side of the picture. That France's colonies have come to play a larger part in her economic system is obvious, but the real question is whether this change has not turned out to be rather a mixed blessing for the mother country. We must consider the value of colonies as sources of raw materials and outlets for French goods. By setting up a customs union with most of her colonies, France has committed herself to a policy of reliance upon colonial supplies and markets ; the figures we have studied bear out the fact that this dependence is increasing. The question is whether it was worth while restricting trade with other states in the interests of the colonial areas over which France has political control.

It is important to remember that trade within a customs union does not differ from a normal commercial exchange. There must be buyers and sellers. The traditional colonial transaction has been to exchange the colonies' raw materials for the manufactured goods of the mother country. As the dependent nations begin to industrialize in their turn this simple exchange breaks down, but in time the growth of local industry, by raising the standard of living of the colonial peoples, makes the colonies better markets for manufactured goods than they were before. France's colonial empire is still at the more primitive stage of exchange, that of trading raw materials against goods, and so the importance of the raw materials which the colonies can supply is twofold ; on the one hand French industry

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needs these supplies, and on the other the amount of raw materials which the natives can sell to the mother country is the measure of the amount of manufactured goods they can take from her.

Statistics show that the share of the French colonies of France's total imports of raw materials and foodstuffs has increased steadily from an average of 20 per cent. between 1924 and 1929 to 33 per cent. in 1933 and 38 per cent. in 1935. But the increase of foodstuffs has been infinitely more important than that of raw materials. The proportion of colonial imports to the total imports of raw materials only rose from the average of 6.4 per cent. between 1924 and 1929 to 9.1 per cent. in 1934 and 10 per cent. in 1935. The increase of the colonial share in raw materials and foodstuffs, *taken together*, was so big because between 1929 and 1935 France's imports of foodstuffs from her colonies doubled, rising from 33.5 to 65.5 per cent.

Even to-day France's empire of some $4\frac{1}{2}$ million square miles can only supply 10 per cent. of her raw materials. The foodstuffs are, of course, valuable too, and create purchasing power in the colonies, but as we shall see, this flooding of colonial foodstuffs into a France which is still an agricultural community has caused a great deal of dislocation and uneasiness in French farming circles.

The colonial 10 per cent. is but a small share of France's total imports of raw materials, and the colonial supply does not make up for its small volume by including essential products. If we take Dr. Goebbels's criterion and apply it, the result is rather discouraging. Iron ore is a small item on the list of imports, for France herself is responsible for 27 per cent. of the world supply. Tunis produces 1 per cent. of the world supply, and provides France with 10 per cent. of her limited imports. Only 1 per cent. of France's imports of wool come from her colonies, and experts doubt whether it is possible to increase the percentage very much, although years of effort and the outlay of much capital might increase the colonial share of the wool imports to 20 per cent. But not even the most optimistic French imperialist can get over the fact that the colonies can supply neither copper nor petrol nor cotton nor coal. A Report published by the

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Commission for Commerce and Industry pointed out that the colonies could perhaps satisfy all France's needs in wine, brandy, rice, sugar beet, cocoa, exotic woods, and phosphates, but that most of the really essential raw materials were not to be found in her colonial territories at all.

This unpromising prospect accounts for the uneasiness which accompanied the deliberations of the Colonial Conference. Many voices were raised to protest against the idea of creating a closed commercial system based on Empire free trade. Financial and commercial circles insisted on the necessity of safeguarding France's connections with foreign countries, and of avoiding a system of rigid colonial preferences which would only strangle foreign trade. In the words of the Commission's Report, "the possibilities of colonial development must be balanced against the limitations, its potentialities against the insufficiency of colonial raw materials and the faulty organization of colonial trade, and the conclusion will be that prosperity cannot be restored by setting up a rigidly protected system of Empire free trade."

Fear that at some future time the French government might push forward its policy of imperial preference to the rigid exclusion of all non-colonial countries was not the only reason for this general uneasiness. Many French merchants were seriously disturbed by what had happened already. In certain fields the results of France's exclusive colonial policy were anything but an unqualified success, and it is useful from our point of view to see why, for the reasons shed light on some of the disadvantages of rigid colonial control and exploitation.

The extent to which colonial peoples can become customers of the mother country depends on how much they can sell, either to her or to other countries. The establishment of a customs union increases their dependence on the mother country, for then the tariffs discriminate heavily in favour of the home market. The consequence for France is that if French goods are to be sold in the colonies, France must allow them to send her the bulk of their exports in exchange. This has had two unfortunate results. France

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has often paid her colonies a higher price for goods than would have been necessary if her market had been less rigidly restricted, and foreign sources of supply had been admitted on an equal basis. During the economic crisis France found herself "insulated" at a much higher price level than that of other countries, and this was partly due to her policy of paying *primes de compensation* or premiums on colonial raw materials. These premiums covered the difference between the colonial cost of production and the world price which was often considerably lower. French merchants were quick to point out that protection of this kind meant *la vie chère*, and to protest against any extension of the preferences to cut France off from world trade altogether.

The other unfortunate result illustrates the paradox that it is not necessarily an advantage for a country to have unhampered access to colonial supplies. The growing interdependence of the colonies and France was the fruit first of the customs union then of the economic crisis. The prices of primary products (raw materials and food-stuffs) fell more heavily than any other prices, and the colonies which produce nothing but these primary goods began to suffer. To prevent their complete economic collapse, France was obliged to buy up large quantities of their surplus stocks, and in doing so she discovered some of the disadvantages of her previous policy of increasing the dependence of the colonies on the home market. Other metropolitan Powers whose policy had been less exclusive could hope that a general revival of world trade or the action of buyers from other countries would help the colony out of its difficulties. But the French colonial customs union had cut the colonies off from many of their old markets, and it tended to hold them aloof from the general movement of recovery. Naturally under such circumstances France's responsibility was great, and she had to shoulder the burdens of her colonial peoples and buy up their surplus stocks with little hope of any help from other powers.

Indo-China provides a typical example of how France had to step in to prevent colonial bankruptcy by making

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big purchases of colonial supplies. In 1929, 200,000 tons of rice went from Indo-China to France, 715,000 tons were shipped to Singapore, 202,000 tons to the Dutch East Indies, and 100,000 tons to the Far East. By 1933 France's rice imports from Indo-China had risen to 543,000 tons, but supplies for Singapore had fallen to 454,000 tons, for the Dutch East Indies to 47,000, for the Far East to 19,000. By 1934 the French share was 672,000 tons. In other words, in five years France had more than trebled her consignments of rice from Indo-China.

But, it may be said, where is the harm in all this? France and her colonies are making use of each other to tide themselves over an unpleasant crisis. Surely this proves the advantage to a country of being able to include a closed colonial empire among its national reserves.

Such a view was not shared by a number of people in France. We have already seen that colonial raw materials formed only a small proportion of France's imports, whereas foodstuffs rose to be 65 per cent. of all France's supplies from abroad. Thus it was the agricultural community who felt the full force of France's protective measures. Had all the colonial foodstuffs been complementary to the products of the French farmer, the mischief need not have been great. As it was they competed. In 1932 and 1933 it came to open warfare between the wine-growers of southern France and those of Tunis and Algeria. The economic crisis had tended to restrict the market in France, and in 1934 a good harvest in France and Algeria caused a glut on the market. France wanted to sell her own wine surplus, so legislation was passed limiting Algerian sales on the French market. This discrimination was bitterly resented in Algeria, and led to a threat of a boycott on French goods.

Wheat has been at the root of other difficulties, not only in the North African dependencies but in Indo-China as well. In 1933 a French decree set up a minimum price for wheat and discriminated sharply against Algerian wheat, whose transport costs were heavier. The result was that while Algeria sent nearly 50,000 tons of wheat to France in 1932, her share fell in 1933 to 17,500 tons.

Indo-China's difficulties are more indirect but quite

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as serious. Her customs union with France tended to isolate her from her natural markets in the East. (The figures on page 53 of the rice exports illustrate this fact.) When the economic blizzard of 1931 struck her she had no alternative but to turn to France for help. France was thus faced with a problem of her own creating. By making Indo-China more and more dependent upon her she was faced with the necessity of sacrificing certain of her own interests to help the indigent colony. It was the wheat-growers at home who suffered, and by 1933 they were clamouring for a quota to limit the imports of rice, which had doubled in three years. A solution was found in 1935 when Indo-China reached an agreement with China proper, but even here the agricultural interests in France were sacrificed, for to encourage the export of Indo-Chinese rice into *non-French* territories, a 60 million franc loan was raised by imposing a tax on French wheat. Here surely we have a paradoxical situation when a subsidy is paid to encourage a departure from inter-imperial trade, although the necessity for this departure was caused in the first place by imperial preferences and the encouragement of inter-imperial trade.

Now it is not possible to conclude that French colonial policy, which more than most policies makes full use of the fact of political control and ownership, is an absolutely mistaken one, but enough has been said to show, first, that colonial possessions cannot satisfy the demand of a fully industrialized Power for raw materials, and, secondly, that even if colonies could do so to a greater extent than they do, a policy which closes the markets of both the colonies and the mother country to outside supplies and customers entails disadvantages serious enough to make the most confident imperialist think out his case a little more carefully than he is wont to do. High prices, costly supplies, internal competition, diversion of trade from natural channels—we have seen something of all these, and in the case of France we might add to them two other drawbacks. The first is diversion of capital (between 1929 and 1933 France sank over 8 milliard francs in the colonies and in 1935 a further 14 milliards was approved)

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at a time when capital investment for industrial reorganization in the mother country is a crying need ; the second is a question of politics. France could probably exert a much greater influence in Central Europe if she were an important market for their foodstuffs. As it is, she has to take the agricultural surplus from her colonies, especially from North Africa. Thus her rigid colonial system seems to cause a lack of suppleness in her general commercial policy which otherwise might have been a valuable ally in her political trials of strength.

CHAPTER VII

JAPAN'S COLONIAL TRADE

JAPAN'S commercial dealings with her colonies are as exclusive as those of France. Korea and Formosa, her oldest colonies, are "assimilated," and have therefore what amounts to a customs union with the mother country. Japan's Mandated Islands are administered under a C Mandate, and so Japan has not undertaken to adopt the policy of the Open Door. The only part of Japan's colonial empire to be covered by an international agreement guaranteeing equal commercial opportunities for all is Manchukuo.

The position in Manchukuo is confused. Nominally the country is not a Japanese colony at all, for it was declared an independent state under its emperor Pu Yi. In practice, of course, the state of Manchukuo is a puppet state, controlled politically, militarily, and commercially by Japan, which is therefore responsible for its policy with regard to foreign trade. This policy ought to be regulated according to the provisions of the Nine Power Treaty of 1922, wherein all the Powers undertook to recognize the Open Door of commercial equality in the Chinese Republic (which at that time included Manchuria). Since 1932 (when Japan had successfully completed her conquest of Manchuria) the Japanese have given frequent assurances to other Powers

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that the policy of the Open Door is being and will be observed. In fact, however, foreign interests are being manœuvred out of the territory, and a larger and larger share of its total trade is with Japan.

The result of Japan's exclusive colonial policy is, naturally enough, a large measure of interdependence between the mother country and her colonies. Apart from Manchukuo, Kwantung, and the Mandated Islands, 23 per cent. of Japan's imports came from her colonies in 1934 and 22 per cent. of her exports went to them. If we add her Manchurian trade the proportion is higher, and we find that 31 per cent. of Japan's imports and 41 per cent. of her exports are colonial.

From the point of view of the colonies Japan's share in their trade is even higher. In 1933-34 she took 97 per cent. of the exports from her Mandates, and supplied 95 per cent. of their imports. She took 88.5 per cent. of the exports from Korea and Formosa and sent them 83.1 per cent. of their imports. In Manchuria the percentage is lower at present, but is increasing rapidly. In 1931 Japan took only 19.6 per cent. of Manchuria's exports, in 1934 the proportion had risen to 38.4 per cent. The change in the direction of Manchurian imports is even more striking. In 1931 only 24.6 per cent. of her imports came from Japan, in 1934 it was 61.3 per cent.

Clearly Japan has been more successful even than France in reducing her colonial territories to the status of mere accessories of the mother country, and in exploiting them to her advantage. Here if anywhere we shall be able to find out the value of owning colonies and using them as auxiliaries to the national economy.

First of all we may take the question of supplies of raw material. Japan is a state in which a very powerful industrial structure has been built up on a basis of *imported* raw materials. The country itself possesses little iron and less coal. Except for some copper all Goebbels's basic raw materials are lacking. If any nation ever needed colonies as reliable sources in peace and war of essential raw materials it is Japan. But the Japanese colonies are no exception to the general failure of colonial territory to produce basic

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metals and minerals. Manchuria produces a little iron ore of poor quality (not more than 0.9 per cent. of the world supply) and a very little coal (0.8 per cent. of the total supply), and even this tiny percentage is not fit for coking, and therefore useless in the making of steel. Korea has a good store of graphite, Formosa a very little cotton, it is hoped that something may be done for wool by encouraging sheep-farming in Manchuria, and that is all. The Japanese colonies are good illustrations of how little difference political ownership and exclusive exploitation make to supplies of raw materials when the colonial territory is obstinately barren.

However, this is not the whole story. Japan resembles France in that the colonies are principally suppliers of agricultural products ; if it is the proper aim of colonial policy to make the mother country self-sufficient, then Japan has had some success with her foodstuffs, and her experience might be cited as an example of how valuable it is to own and exploit colonial dependencies. By developing the production of rice in Korea and Formosa, Japan has made herself self-sufficient in this, her staple foodstuff. The quantity of rice exported by Korea rose from nearly 2 million koku in 1920 to over 9 million koku in 1934, and all of it went to Japan. In Formosa, too, production of rice is nearly twelve times greater than in 1920 ; the share of rice exports in Formosa's total export trade has risen from 8 to 33.4 per cent., and, like Korea, Formosa sends *all* this rice to Japan. So far the policy seems to be an obvious success.

But now we come to the disadvantages, which bear a strong resemblance to those experienced by France. These agricultural supplies are not complementary to the food-stuffs produced by the Japanese farmer ; they compete with him on the home market, and compete successfully, for the colonial costs of production are lower. The result has been the ruin of the farmer class in Japan, which, it should be remembered, still accounts for about half the population. With colonial rice flooding the market, nothing could prevent a fall in price disastrous to home producers, and the government has been obliged to spend millions of yen buying up surplus rice in an unsuccessful attempt to keep the price

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high enough to cover the Japanese farmers' costs of production. Thus Japan, like France, illustrates the danger of setting up a colonial system which excludes other buyers and makes the colonies completely dependent on the market at home. China imports 30 to 40 million dollars worth of rice each year, yet Formosa, lying nearer to her than to Japan, exports no rice to her at all, and the exports of rice to China from Korea (which was once part of the Chinese Empire) have fallen from 145,000 koku in 1921 to 2,000 koku in 1934. The tariff barriers which cut China off from the Japanese colonies are responsible for China's inability to buy Formosan or Korean rice, and in the meantime Japan has to absorb it all herself, and it is *her* farmers who suffer.

Sugar is another foodstuff in which, thanks to her colonies, Japan has become self-sufficient. With sugar there are no difficulties in the home market, for Japan produces none. In 1921 most of Japan's sugar came from the Philippines and the Dutch East Indies. Between 1925 and 1928 the East Indies still supplied Japan with about 6 million piculs each year. Certain Japanese interests, however, decided to develop a sugar supply in Formosa, with the result that by 1934 the Philippines had ceased to export any sugar at all to Japan, the Dutch exports had fallen to well under 2 millions, whereas those of Formosa had grown from nearly 2 million piculs (in 1920) to over 11 millions. Thus Japan could count on colonial sugar and dispense with foreign supplies.

From the mercantilist point of view, this is certainly a success. Japan has proved that colonies can be made to serve the purposes of the mother country. But must we conclude that the result has been nothing but gain? The cost of producing sugar in Formosa is much higher than in the Philippines or the Dutch colonies. To keep out foreign sugar and to protect the growing Formosan industry, Japan had to set up tariff barriers which, of course, gave Formosa, inside the Japanese customs union, virtually a 100 per cent. preference. But the price of sugar rose accordingly, fewer people could afford to buy it, and the final result was even a small decline in Japan's imports of

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sugar from the peak figure of 16 million piculs in 1928 to 12 millions in 1933 and 1934. The investors in Formosan sugar may have profited by this change, the people of Japan certainly did not. This is a good example of a danger we have already had occasion to point out, that of referring to a community as though it were a person, and of picturing "Japan," "France," or "Great Britain" to ourselves as single units. A country is a community built up on a great variety of interests. We are guilty of loose thinking if we confuse "Japan" with the infinite diversity of the Japanese people. If investors have profited, but the consuming public has suffered, who shall say whether "Japan" has gained or lost?

Our conclusion must surely be that in a rigid system of colonial preference, dangers and disadvantages lie so near the surface of any apparent profit that even after we have considered Japan and France, where colonial trade is a high percentage of total foreign trade, the imperialist case for possessing colonies, and then exploiting them to the exclusion of every one else, must be dismissed as unproven.

But in the case of Japan there are other drawbacks to be considered, drawbacks connected with her manner of acquiring her colonies and of then consolidating her hold. Here it is possible that we shall have to enter Japanese policy on the debit side of her colonial balance-sheet. She entered the sphere of industrial and imperial expansion late in the day, when Africa and the Middle East had already been partitioned. Obviously Japan's natural "sphere of interest" lay in the Pacific and the Far East, but she found a twofold barrier across her path, first the competition of other Great Powers and then the self-conscious nationalism of China whose civilization was, after all, centuries older than Japan's. Ever since the end of the nineteenth century Japan has been fighting one or other of these two obstacles. To obtain a footing on the Asiatic mainland she had to fight China in 1894. The Western Powers robbed her of the spoils of victory, and she was obliged to fight one of them in the Russo-Japanese War of 1904. In 1922 she was defeated in a diplomatic struggle against these same Powers at Washington. In 1932 she in her turn defeated them at

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Geneva. Thereafter their resistance appeared to be broken; not so that of the Chinese. Japan's relations with China opened with a war, and since 1894 her policy has been one of extorting concessions by violence. As her demands grew, China's resistance stiffened, and the farther Japan tried to advance, the more difficult became her position *vis-à-vis* the Chinese. For example, the annexation of Korea so exasperated the national feeling of the Koreans that the province is in a constant state of suppressed political discontent. Japan's conduct in Manchuria was even more unfortunate. In 1915 she presented to the Chinese government her celebrated "Fifteen Demands" which would virtually have reduced China to a puppet state on the lines of Manchukuo. The suspicions of the Chinese were thoroughly aroused, and after the victory of the Chinese national party at Nanking in 1927, slow but steady pressure began to be exerted on Japanese interests in Manchuria (where Japan was easily the largest investor with 72 per cent. of the capital investments), Japanese receipts began to fall off, her trade slackened, and the Chinese started to build a railway which would compete with Japan's Southern Manchurian railway and possibly divert from it most of Manchuria's trade.

The Japanese found themselves in a dilemma. With thirty years of force behind them, they were faced with the possibility of losing what they had built up at enormous cost. Two policies were canvassed. Moderate people agreed that force had proved a failure, and that the time had come to give up all trace of coercion and to win China's trade by means of her friendship. The other school of thought called for force and more force, the exclusion of China from Manchuria, and the ultimate subjugation of China itself. The moderates were defeated, and the conquest of Manchuria began.

Now the first point to underline is the heavy cost of Japan's colonial policy. She fought a war to obtain Formosa, and the annexation of Korea was made possible by another. The Manchurian campaign and the present war are (among other things) wars of colonial expansion. Thus against Japan's 25 per cent. share in the trade of her

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colonies must be set the cost of three or four campaigns, of a military expenditure which has accounted for over 50 per cent. of the budget for the last four or five years, of a national debt which in 1937 equalled the whole national income, and of subsidies to colonial authorities for the preservation of "law and order." (Something like 15 million yen goes from Japan every year to help keep the peace among the restive and resentful peoples of Korea.)

The next point is the question whether, after all this formidable expense, the end justifies, or in other words, covers the cost of, the means. Manchuria may provide an answer, because for the time being it is a touchstone of the success or failure of Japan's policy of force.

In 1928 Manchuria's exports to Japan were already higher than to any other country (even including the rest of China). 31.8 per cent. of her goods were shipped to Japan, and Japan had the largest share of her imports (38.4 per cent.). It has been calculated that Japanese investors were getting a steady 5 per cent. return on their Manchurian capital. Now what have been the spoils of victory? Manchuria was conquered in 1932. By 1934 64.5 per cent. of her imports came from Japan, although her exports there had only increased by 7 per cent., and it is estimated that between 1932 and 1935 Japan sank about 800 million yen in various enterprises in Manchuria. Imports both of goods and capital from Japan to Manchuria have increased out of all proportion to the growth of exports. Obviously, then, part of the imports from Japan are being paid for by financial advances from Japan, and the Americans might ruefully point to their experience in Europe before 1929 to prove that it is not necessary to go to all the expense of conquering a country just in order to lend it the money to buy your goods. The heavy imports into Manchuria have, moreover, been largely conditioned by military needs, roads, railways, etc., and, although Manchuria may some day profit by these developments, for the present they are not commercially useful. Japanese imperialists had clamoured for the occupation of Manchuria and its inclusion in the Japanese customs area in order that Japan might exploit its rich stores of raw materials and

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decrease her dependence on foreign supplies, yet once the territory was fairly conquered and workings in the coal mines at Fushun had begun, the coal-owners in Japan clamoured for restrictions on the entry of Manchurian coal with which, they said, they could not compete without tariff protection. (It is the case of Korean rice all over again.) As for supplies of iron and steel, *Manchuria* is now the beneficiary, for since 1932 Japan has sent much more iron and steel into her "colony" than she has received from it.

Last of all must be included among the costs of victory not only military expenditure, but the effect of Japanese violence upon her extremely valuable trade with China. China's reply to the invasion of Manchuria was a boycott on Japanese goods. Between 1930 and 1934 Japan's exports to China fell from 260 million yen to 117 millions, and China's exports to Japan from 162 to 119 millions (falling as low as 77 millions in 1932). It has even been estimated that, on balance, the conquest of Manchuria and increased trade there nevertheless meant a fall of 283 million yen in Japan's total trade with China. Obviously this loss should be added to mounting military budgets and costs of administration in the conquered areas.

Of the present conflict little can be said. Disastrous to Sino-Japanese trade for the time being, perhaps permanently disastrous to their political relations, how soon can Japan hope to recover the costs of her conquest from land which, even if it be reduced to colonial status, has been branded and devastated by modern war?

CHAPTER VIII

GREAT BRITAIN AND HER EMPIRE

i. *In general*

At a street carnival in Munich at the beginning of 1938, one of the most successful figures in the parade was a

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monstrous effigy of a man with a red nose smoking a pipe and carrying a number of bulging parcels, each labelled with the name of some country in the British Empire. There were big packages for India, and for the Dominions, and a multitude of smaller ones for the Crown colonies. The title of this effigy was "the Satisfied Englishman."

German propagandists make the most of the $11\frac{1}{2}$ million square miles coloured pink on the map, with its "teeming" populations of 480 millions. The British Empire, they point out, is not only the largest political unit in the world, but it is practically an economically self-sufficient one as well. In 1934 it produced 28 per cent. of the world's supply of copper, 43 per cent. of the lead, 85 per cent. of the nickel, 42 per cent. of the tin, and 31 per cent. of the zinc. Thus it has a comfortable self-sufficiency in most of the more valuable metals. The minerals and precious metals show a fair percentage, 24.7 of the coal, 70.6 of the asbestos, 71 per cent. of the gold, and 59 per cent. of the platinum. If we add to this 57 per cent. of the rubber, 50 per cent. of the wool, 98 per cent. of the jute, and high percentages of all the vegetable oil seeds, as well as comfortable supplies of beef (17 per cent.), mutton (82 per cent.), butter (41 per cent.), cheese (50 per cent.), cane sugar (35 per cent.), tea and cocoa, we have a picture of self-sufficiency complete enough to strike the apostle of autarchy dumb (or, which is more probable, voluble) with envy. The British Empire is poorly supplied with only a very few commodities, wheat (13 per cent.), and cotton (17 per cent.), and iron ore (12 per cent.). The supplies of petrol (1.5 per cent.) are very unsatisfactory, and there are no supplies at all of potash, silk, and sulphur.

This is the picture presented by "the Satisfied Englishman," a bloated creature straggling over a quarter of the globe and playing "hands off" with the tenacity of a bull terrier. And the picture is completely misleading. Certainly the British Empire exists, and a thousand ties may bind the little group of islands off the west coast of Europe to vast dominions overseas, but nothing is more misleading than to infer from the colour on the map that Great Britain has 14,000,000 square miles of her own to exploit in her

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own interests as "mother country," or indeed that she is a "mother country" to most of her Dominions except in an historical and sentimental sense which cannot be translated into terms of exclusive markets or colonial supplies.

2. *Great Britain and the Dominions*

The British Empire is made up of four Dominions enjoying complete equality with, and independence of, Great Britain; Eire, which is equally independent and sovereign; and three or four Dependencies whose status is difficult to determine. These are Newfoundland, which has enjoyed Dominion status but temporarily abandoned it, Southern Rhodesia, which is moving towards it, and India, which has just achieved a large measure of self-government and may be said to be on the way to Dominion status too. These countries, which together contain the bulk of the land population and natural resources of the British empire, do not really fall within the scope of an inquiry into colonies any more than do, for example, the sovereign states of South America. Great Britain's dependent colonial empire, when we exclude India as well as the Dominions, covers only 2,350,000 square miles and supports a population of 61,500,000. We shall discuss its natural resources later on. But before we turn to the British colonies, there are one or two facts about Great Britain's relations with her Empire as a whole which are connected with the colonial problem, for the great Dominions, although they have now achieved independent statehood, were colonial dependencies in the past, and perhaps some conclusions can be drawn about colonial policy and practice from Great Britain's experience with them.

Light surely will be thrown on one question, whether political control gives trade advantages, for the history of the Dominions is one of a steady evolution from colonial status to complete independence of the mother country. Thus if trade is more bound up with political control than with relative fertility, density of population, proximity to markets, and so forth, then we shall find that the Dominions'

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development towards independence has been accompanied by a steady decline in their trade with Great Britain.

In fact, the process has been exactly reversed. As Great Britain's political control over her Dominions relaxed, their share of her total trade increased. In 1894 the Dominions, though well on the way to independence, were still to some extent subject to the government at Westminster. Another group of dependencies, India, Ceylon, and British Malaya, were wholly so. For the rest, the colonies in Africa were still embryonic, and the West Indian Settlements too small to be very important. Great Britain's trade with these groups was in the proportion of 49 per cent. to the nearly self-governing Dominions; 44 per cent. to India, Ceylon, and Malaya; 7 per cent. to the rest. In other words, in 1894 Great Britain's trade with her completely dependent Empire was 2 per cent. higher than with the relatively self-governing countries, a percentage telling very slightly in favour of political control.

By 1913 the Dominions group had grown in importance by the addition of the Union of South Africa. Trade with the African colonies had increased. Given these changes, the position very much resembles 1894. Great Britain's trade with the Dominions had increased to 51 per cent., her trade with Africa to 9 per cent.; with India, Ceylon, and Malaya it had fallen to 40 per cent. The situation was exactly reversed, and now there was a 2 per cent. premium on independence.

After the war the Dominions achieved complete independence. The change in their share of Great Britain's Empire trade was striking. It averaged 55 per cent. between 1929 and 1933, and by 1937 it had risen to 60 per cent. In other words, independence was accompanied by a rise of 5 to 10 per cent. in their share of Great Britain's Empire trade.

But we must not go to the other extreme and declare that the experience of the British Dominions proves that lessening political control promotes more trade. All that the statistics emphasize is the *unimportance* of political control compared with fundamental economic factors,

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such as productivity or prosperity. British trade with her Dominions has increased because they produced the raw materials and foodstuffs of which she was in need. They bought her goods because she was a prosperous market for their supplies. Only indirectly can the removal of political control be said to have affected the volume of Dominions trade. Great Britain, having learnt a lesson from the loss of her American colonies, did not repeat the earlier mistake. By making no attempt to keep a rigid centralized bureaucratic control over her Dominions, she made it possible for their economic life to develop rapidly and independently, and in virtue of their growing prosperity they were more valuable both as markets and sources of supply.

If we compare the volume of Great Britain's trade with her Empire with that of her foreign trade, we find once again that political control is unimportant. Between 1854 and 1913 the general status of the British Empire was more definitely colonial and dependent than at a later period when, after the war, the Dominions received formal recognition of their independence, and India, the largest dependency in size and population, began to develop towards independence too. If anything, the volume of Great Britain's trade with her Empire ought to have fallen away. In fact it increased. Between 1854 and 1913 the proportion of Empire to foreign trade was remarkably steady. About 73 per cent. of Great Britain's trade was with foreign countries, 26 per cent. with her Empire (not a large proportion for an empire on which the sun never sets, the largest empire in the history of the world). After the war, however, when independence had become the rule rather than the exception inside this "Commonwealth of Nations," the trade with the mother country rose to over 30 per cent. of her total trade and was as high as 35 per cent. between 1929 and 1933.

The growth in Great Britain's Empire trade after the war had nothing to do with the political status of the Dominions. It was largely due to the fact that the British Empire as a whole was less shattered by the disastrous years of war, and was thus a better commercial proposition than the prostrate countries of Europe. Another factor was the

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growth of industrialization behind tariff barriers in Europe, yet another the protectionist policy of the United States (in spite of which, however, exports of the United States to Great Britain in 1936 were nearly £20 million greater than Canada's, £30 million more than Australia's, and £40 million more than those of British India—a significant commentary on the overriding importance of the "Empire link").

Nevertheless, one reason for the growth of Empire trade is connected with political imperial policy. In spite of certain minor exceptions in the Crown colonies, Great Britain's commercial system up to 1932 had been one of free trade. The agreements reached at Ottawa in 1932 between Great Britain, her Dominions and India set up a system of Imperial preference, in other words, of protective tariffs discriminating against foreign countries. By separate agreements some of the preferences were extended to the Crown colonies. Now the Ottawa system is often cited to prove the value of possessing a colonial empire and making it into a monopoly for the mother country. The picture, beloved of propagandists, of the British Empire as a colossal monopoly, occupying all the best positions and playing "dog in the manger" with everybody else, seems to find a certain basis of fact in the imperial preferences of Ottawa, and "Ottawa" has sometimes been used as a synonym for a selfish policy of exploiting colonies to the advantage of the mother country.

Two difficulties are raised by this criticism, for Ottawa was not a "colonial" settlement, nor was it a particularly advantageous one. Great Britain negotiated with Canada, New Zealand, and Australia on a footing of complete equality, and negotiations were anything but a series of new commercial regulations arbitrarily imposed by Great Britain upon her imperial partners. The negotiations resembled hard-driven bargains in which each protagonist was prepared to make only those concessions which served his interest. Even India, which is not a Dominion, was a bargainer with the rest, and it would be ludicrous to compare these freely negotiated agreements with, say, France's customs law of 1928.

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Nor was the settlement in every case to the advantage of Great Britain. It is true that she succeeded in increasing her imperial trade, but in certain commodities the increase was purchased at the price of a much greater falling off in her trade with foreign countries. For example, in various primary foodstuffs, such as meat and dairy produce, a £6 million increase in imports from the Empire was purchased at the expense of a £34 million drop in foreign imports.

The Dominions, according to the "mercantilist" theory wherein only exports are profitable, gained more by the agreement than did Great Britain, for the really striking result of Ottawa was the way in which Empire imports into Great Britain increased from a quarter to a third of all her imports. Yet these same Dominions are anxious now to revise the system in favour of free trade, for they want to take advantage of world recovery outside the Empire as well as in. Thus Ottawa, although it is not primarily concerned with colonies at all, throws light on the question of political control and monopoly. In one of the few cases where a voluntary settlement on the basis of Empire free trade might have been achieved, it was seen to be impracticable, and the countries concerned declared against any policy exclusive enough to restrict trade with states outside the Empire. Might not their experience serve as an example in cases where the setting up of an exclusive monopoly does *not* rest on a voluntary basis, in other words, in the colonial sphere?

But there are other lessons to be drawn from Ottawa. It is true that the agreements were negotiated between sovereign and independent Powers, but the fact remains that they came together to negotiate a tariff settlement advantageous to each other and disadvantageous to everybody else just because they were members of the British Commonwealth of Nations. At a time of crisis Great Britain could turn for aid to her Dominions, and she and they together were able to build up a trade system and a currency area which suffered little compared with others. It could be argued that this stability was purchased at the expense of the trade of other countries, those, for example, which

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before the crisis supplied Great Britain with foodstuffs, or of the United States, whose sales of cotton goods to Canada fell by exactly the sum of Canada's increased purchases from Great Britain. Surely these facts speak eloquently in favour of possessing an empire?

Now no one would deny that it is an advantage for a country to know that something like a fifth of the globe is inhabited by peoples who are united to it by bonds of imperial sympathy, political traditions, common speech, outlook, and beliefs. Nor is it possible to deny that these common interests and sympathies may bring these countries together in a time of crisis with a view to helping each other economically, to the exclusion of others. But even admitting this, it amounts to no more than the fact that some of Great Britain's *colonial* enterprises were successful in the past, and that her subsequent readiness to allow her colonies to achieve independence confirmed and enhanced her original success. Given a little more wisdom, the United States might still be a member of the British Commonwealth as well, but unfortunately colonial theorists in the eighteenth century had ideas about possessing and exploiting colonies similar to those which are advocated to-day.

Let us admit that the "possession" (a very unsuitable word) of an empire is a great advantage to Great Britain; the fact remains that only just over 2 of its $11\frac{1}{2}$ million square miles have any bearing on the colonial problem at all—a fact which caricatures of "the Satisfied Englishman" are designed to overlook. Canada in her modern independence may cease to be British of her own free will or by right of conquest; she cannot be "transferred" to the colonial empire of somebody else.

Ottawa, however, affected Great Britain's really colonial empire as well, for it closed the Open Door which up to 1932 was still flapping ajar.

3. Great Britain and her Colonial Empire

Even if we exclude India and the Dominions from the Empire by reason of their independence, Great Britain's
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colonial possessions are second only to those of France in area and of Holland and France in population. In spite of this, her colonial trade, from whatever angle we study it, is surprisingly unimportant. In 1934 only 7.5 per cent. of Great Britain's total imports came from her colonies, and she sold them only 10.4 per cent. of all her exports. The percentages are higher for the colonies. About 32 per cent. of their exports go to Great Britain, and they receive from her about 20 per cent. of their imports in return. But we should compare these percentages with Japan's 88 per cent. share of her colonies' exports and 83 per cent. of their imports.

The colonies are not important markets for Great Britain's manufactured goods. In 1934 only 9.7 per cent. of her exports of manufactured goods went to the colonies, whereas in the same year France sent over 37 per cent. of her manufactures to her dependencies.

Nor do the colonies appear to provide very plentiful supplies of either raw materials or of foodstuffs. The point is interesting, for few countries are so heavily industrialized as Great Britain, and she cannot hope to be self-sufficient in those raw materials for which her highly developed industries clamour. By herself she produces adequate supplies of coal only. Foodstuffs are even more important, for no other country in the world is so dependent for food upon foreign supplies. In 1933 Great Britain's imports of food were over 34 per cent. of her total imports, a figure which may be compared with the 4 per cent. of Russia and the percentages of the three "dissatisfied" Powers, Germany (22.6 per cent.), Italy (13.3 per cent.), and Japan (25.9 per cent.). Without foreign supplies Great Britain could not under her present system of agriculture support a population of some 40 millions, of which 93 per cent. are town dwellers.

It follows that if colonies really occupy the position of economic importance as universal suppliers for the mother country which they are sometimes supposed to do, then no Power would be better placed than Great Britain to take advantage of the fact, for she has one of the largest colonial empires, and no Power would have greater inducements to

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exploit her colonies for the home market, since Great Britain is more dependent than most countries upon foreign supplies. Yet we find that in 1935 only 7.9 per cent. of Great Britain's imports of foodstuffs came from her colonies, and only 11 per cent. of her raw materials. The trade figures themselves are perhaps more significant than the percentages, for they show the extent of Great Britain's food purchases from abroad. Of the £334 million worth of foodstuffs imported by Great Britain in 1934, only £26 million worth was supplied by the colonies. In the same year raw materials were bought to the extent of nearly £182 millions, of which the colonial share was just £15 millions. This may seem a singularly unsatisfactory proportion, yet it is an inevitable one, for the simple reason that colonies in general do not supply vast quantities of vital foodstuffs and essential raw materials, and that the British colonies are no exception to the rule. Great Britain, together with her dependent empire, produces enough coal, rubber, tin, and manganese, some graphite, phosphates, and asbestos, and a little copper. The foodstuffs consist of certain fruits, sugar, cocoa, tea, and vegetable oils, but the staples—wheat, meat, and dairy produce—are lacking. But to say that Great Britain's colonial empire *produces* these supplies masks the interesting and significant fact that the mother country does not make full use even of those somewhat meagre colonial supplies which are at her disposal. British colonies provide 56 per cent. of the world's rubber, but 20 per cent. of Great Britain's imports of rubber come from foreign countries. Malaya, which produces 31 per cent. of the world's tin, sends only 10 per cent. of her exports to Great Britain. Both these examples help to demonstrate the unimportance of political control over colonial areas.

This then is the real John Bull, with the number of his parcels reduced by two-thirds and his waistcoat covering by no means so well nourished a body as the image of "the Satisfied Englishman" suggests. Yet this image has a far wider hold on people's imaginations now than, say, fifty years ago, when it was far nearer the truth. This is due to a number of causes—to our growing self-conscious-

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ness with regard to imperialism, to propaganda abroad, to the resurgent nationalism of the subject peoples, and above all, to a change in British commercial policy.

Great Britain did not at first adopt a rigidly exclusive colonial system; she had no "assimilated" colonies on the model of France and Japan, no colonial customs unions or imperial preferences. Until the war her general policy of free trade applied indiscriminately to foreign countries and to colonies. In other words, the Open Door was the rule (with certain local modifications such as discriminatory export duties on tin in Malaya) in the British dependencies.

Since the war a system of imperial preference has been steadily developing, although the volume of imperial trade affected by it before 1932 was not great. Ottawa confirmed this general tendency and seriously extended it. Preferences were given to the products of the colonies, not only by Great Britain but by Canada, New Zealand, Australia, the Union of South Africa, Southern Rhodesia, and India as well. These preferences were secured for the most part by raising the tariffs of the colonies on their imports of non-Empire goods, and the peoples themselves had little say in this reorientation of their commercial policy. Now the Ottawa agreements are undoubtedly an attempt to encourage Empire trade at the expense of other countries. They represent a policy of colonial "exploitation" made possible by the fact of political control. Inevitably, then, they conjure up the image of the "bloated Britisher" more effectively than did the old policy of free trade. The abolition of the colonial Open Door has put an effective weapon in the hands of anti-British propaganda, and can be used to stir up resentment and envy abroad. Of the two feelings, envy is the more pernicious, for it springs from the determination not to remedy the evil, but to go and do likewise, and to play the game of "the biter bit." What is needed in the colonial sphere is not that Germany should now bite Great Britain, or Japan Australia, but that biting as a policy or a pastime should cease.

The whole system set up at Ottawa demonstrates to what extent colonial theory and practice is built up upon unverified premises. It is assumed that the adoption of

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imperial preferences will benefit inter-imperial trade, strengthen the links of Empire, and exclude other nations from a share in the fabulous riches of the colonial world. The cases of France and Japan suggested that such beliefs should be accepted charily. Great Britain's policy since Ottawa seems to confirm the suggestion. The trade figures for the colonies show how surprisingly little they were affected by the new Ottawa policy. In 1932, before Ottawa, 44.9 per cent. of their imports came from the Empire, 55.1 per cent. from foreign countries. In 1934, after Ottawa, the share of the Empire had actually sunk to 42.4 per cent. In 1935 it was identically the same as in 1932. Exports tell a similar story. The Empire's share was 50.6 per cent. in 1932, fell in 1933 to 47 per cent., and then rose gradually to 53 per cent. in 1935. Now surely it was hardly worth this country's while to stir up international resentment and put a useful weapon in the hands of foreign propagandists simply in order to increase imperial trade by less than 3 per cent.

Ottawa is not the only recent departure from Great Britain's old policy of free trade. In 1934 a quota system was introduced into certain of the colonies (those in which there was no international agreement guaranteeing the Open Door) to restrict imports of cotton and rayon piece goods. Although the imports of all foreign countries were limited under the quota, the system was designed in fact to discriminate against Japanese textiles, which had been flooding the colonies since 1931, to the detriment of the Lancashire cotton trade. The necessary discrimination was secured by taking the average imports of each Power between 1927 and 1931 as the basis of the quota, whereas Japan's growing share in the textile trade dated from a year later. The immediate effect of the quota system upon Japan's trading position is shown by the figures for 1934 and 1935. Her exports of cotton piece goods to the colonies coming under the quota fell from 51 million linear yards in the first quarter of 1934 to 10 millions in the first quarter of 1935, whereas in the colonies where no quotas were imposed Japanese exports rose during the same period from 20 to 27 million yards.

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Enough has been said to enable us to draw certain general conclusions from Great Britain's colonial position. It brings fresh evidence to support the contention that the colonial areas are relatively unimportant in the general question of international trade, both as markets for goods and sources of food and raw materials, that preferential policies will tend to divert trade into imperial channels, but that this diversion is not necessarily an advantage, since it may be purchased at the cost of declining trade with foreign countries, and in any case helps to produce international ill-will, and, lastly, that the question of the transfer of colonial territory from a gorged and glutted British Empire to the dissatisfied Powers waiting below like hungry whelps has nothing whatever to do with economics. The transfer of some thousand square miles producing oilseeds and a little cocoa would not make Germany's economic position one whit more easy. This is a question to which we shall return when we come to discuss strategy and prestige. For the time being it is enough to point out and underline the economic unimportance of a majority of the colonies.

CHAPTER IX

OTHER COLONIAL EMPIRES

I. Holland

A WORD remains to be said on the colonial empires and commercial policy of certain other Powers—the Netherlands, Belgium, and Italy.

The Dutch Empire contains some of the world's most prosperous and fertile colonies. Although its area is little more than one-fifth that of the French colonial empire, its population outnumbers the French by over a million. The colonies supply bauxite, some petrol, and groundnuts, as well as 16 per cent. of the world supply of tin, 18 per

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cent. of the tea, 22 per cent. of the palm oil, 30 per cent. of the copra, and 37 per cent. of the rubber. However, Holland makes no attempt to establish a monopoly in her colonies, whose share in the trade of the mother country is negligible (5.6 of the imports and 4.3 of the exports in 1934). Nor does Holland play a very important part in the trade of her dependencies. Her share in both the imports and exports of her colonies is the lowest share in colonial trade of any metropolitan country in the world, lower even than Great Britain's trade with her Mandated territories. In 1933 Holland's share in the trade of her most important colonies, Dutch East Indies (the Dutch colonies in America are unimportant), amounted to only 17.6 of their exports and 11.9 of their imports.

This low percentage is undoubtedly due to the fact that Holland's colonial policy since 1886, when the last preference favouring the mother country was abolished, has been the most liberal in the world. All nations have been able to compete on an equal basis in the Netherlands East Indies, and there has been no attempt to divert trade into artificial channels. This fact seems to support the imperialist view that the mother country gets nothing out of her colonies except the costs of administration, unless she arranges for some preferential treatment for herself. The examples of Japan and France show quite definitely that a preferential system can increase the importance of the colonies to the mother country. But that is not the problem. The question is whether, having established a monopoly, the metropolitan Power is really better off for the change, and we found it difficult from the experience of Japan and France to say that this was the case. Would Holland find it more profitable to forge a close connection between herself and her colonies to the exclusion of other Powers?

There are several points to be remembered, first among them that Holland is a very small country, and her colonies large and densely populated. The home markets of both France and Japan suffered from the dependence of their colonies upon them. It is doubtful whether Holland would be able to support the strain at all. She could not absorb the products of her East Indian dependencies, and it would

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be disastrous to her whole economy to discriminate against foreign countries which are her most important markets. Another factor is the geographical position of the East Indies. The Far East is their natural sphere of commerce. Holland has not committed France's expensive mistake in Indo-China, of cutting off an eastern colony from its natural markets. Again, Holland is small and unarmed. It holds its empire on sufferance from other Powers. An attempt to exclude them might excite reprisals. Finally, both Holland and the Netherlands Indies are prosperous communities quite independently of each other, and the Indies are self-supporting. Thus the Dutch government has not to meet heavy costs of administration. All things considered, the Dutch Empire is yet another example of the unimportance of colonies. Here is Holland, a highly industrialized community with one of the highest figures for density of population in Europe, dependent upon outside supplies of raw materials, and possessing moreover a vast and fertile colonial empire. Yet she has seen fit to make no attempt to dominate this empire commercially or cut it off from international trade. Holland is nevertheless a prosperous country, while the prosperity of many of her colonies (Java in particular) compares very favourably with those of other Powers.

In two ways only is there any trace of discrimination in Dutch policy. After 1931 the Dutch East Indies were the first to be swept by the flood of cheap Japanese exports whose effect on certain British colonies we have already discussed. The Dutch decided with regret that some departure from the Open Door was necessary, and a quota system was introduced in 1933, fixing quotas for various Powers, the unallotted remainder to go to Japan. But it is important to remember that this discrimination (unlike the British discrimination) was not imposed in the interests of producers at home, but to safeguard old trading connections with other countries. The Dutch did not object to an increased share of trade going to Japan, they did object to Japan's obvious intention to take everybody's else's share as well—a process which might have made the East Indies dangerously dependent upon a single source of supply.

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The other policy which is sometimes said to be discriminatory is that of international schemes for limiting production. These schemes were adopted to prevent a catastrophic fall in prices, and the bankruptcy of numbers of firms who in normal periods were necessary to satisfy the world's demand for their particular product. The Dutch colonies are affected, for they are important producers of two raw materials, rubber and tin, which have come under restriction schemes. But these schemes are hardly part of the colonial problem proper, and some of the schemes (for example, the copper scheme) are concerned with sovereign states. If restriction meant discrimination against different countries—if, for example, a rubber restriction scheme was designed expressly to exclude Germany—the case would be different, but the more recent schemes actually include panels of consumers, who may be the citizens of any country, to advise on the working of the scheme, in which case there can be no question of discrimination.

2. *Belgium*

Belgium's commercial policy towards her colonial empire is determined by international agreements. The Belgian Congo is covered by the Congo Convention of 1919, Ruandi-Urundi is a B Mandate; thus the Open Door is guaranteed in both. Before the war Congo rubber and Congo ivory made King Leopold II. of Belgium a wealthy man, and so ruthless was his exploitation that the Congo produces neither to-day. Nevertheless, it is one of the richest areas in Africa, and supplies a certain amount of coal and ground-nuts and gold, 8 per cent. of the world supply of copper, 3 per cent. of the tin, and 13 per cent. of the palm oil. It occupies a very unimportant position in the general trade of the mother country. In 1934, 5.4 per cent of Belgium's imports went there. A different picture, however, is presented by the trade figures for the colony. 71 per cent. of the Congo's exports go to Belgium in return for 43 per cent. of its imports. Here again the believers in a hard and fast colonial policy of control and its connection with trade

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advantages must be rather at a loss. Holland and Belgium both preserve the Open Door in their colonies. Holland gets a very small share of the trade of her colonies. "Ah," say the imperialists, "how much wiser the Dutch would be were they to set up a system of imperial preference." Belgium gets a relatively high share in the trade of her colony, yet her policy is the same as the Dutch. Can anything be argued from this?

3. Italy

The Italian Empire is commercially undeveloped. In 1934 all the trade of the Italian colonies amounted to some £10 million (which may be compared with the £108 million of the British colonies). The Italian Empire is, as these figures suggest, poorly supplied with stores of metals or fertile areas. Abyssinia is still an unknown quantity, and after the disintegration caused by the war is unlikely to become commercially interesting for some time to come. Imports from the Italian colonies are only 1.6 per cent. of all Italy's imports. Italy's exports to the colonies in 1933 were slightly higher, 7.2 per cent., a fact which is partly explained by the public works Italy has been undertaking, and for which materials and machinery are required. Italy takes a relatively high share of her colonies' imports and exports. In 1933 over 65 per cent. of their exports went to Italy, and she sent them nearly 65 per cent. of their imports. This high percentage is partly due to the fact that only Italy is interested in developing these rather barren territories and partly to a preferential régime in Italy's favour in Eritrea and Libya.

If the costs of the Abyssinian war and the colonial share in Italy's arms expenditure be balanced against these trade figures, it is clear that for some time to come Italy's colonial empire, economically at least, must be entered on the debit side of her balance sheet.

COLONIES AND CURRENCY

CHAPTER X

COLONIES AND CURRENCY

ALTHOUGH currency difficulties are apparently only an indirect obstacle to the free movement of colonial trade, they are of fundamental importance, for they, much more than preferences, customs unions, monopoly rights, and all the other devices of mercantilism, are at the bottom of the present demand for colonies. Considered from the point of view of currency, colonies are part of a larger issue, that of access to raw materials, and it is impossible to understand either the grievances of the dissatisfied Powers or the real reason for their demand for colonies, without touching upon this broader issue.

In 1935 Sir Samuel Hoare said: "My impression is that there is no question in present circumstances of any colony withholding its raw materials from any purchaser. On the contrary, the trouble is that they cannot be sold at remunerative prices." Since 1935 the world's partial recovery from the last crisis has increased the price of certain raw materials, especially those which are necessary in the manufacture of armaments, but this does not alter the fact that when the dissatisfied Powers first began to clamour for colonies as sources of raw materials, there was something paradoxical about the nature of their demands.

The paradox was twofold. The need for supplies began to be ventilated at a time when, as Sir Samuel Hoare rightly pointed out, the bottom had fallen out of the market for raw materials and desperate merchants in every colony or primary producing country would have gladly mortgaged their souls to induce people to buy the vast stocks of unsaleable wheat, cotton, coffee, rubber, tin, or graphite which were piling up in their warehouses and threatening to depress prices for years to come. The other side of the paradox is this: the dissatisfied Powers demanded colonies in order to develop their unexploited supplies of raw materials just at a time when even the existing supply of

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primary products was wildly in excess of world demand. While cotton producers in America were receiving State aid to plough in every third row, pioneers in Manchuria and Abyssinia were talking hopefully of opening up important new cotton fields in these virgin lands.

The reason for this paradox is that whereas the supplies were there, the dissatisfied Powers had not the money with which to buy them. It was, and still is, a problem of international exchange.

Before the war international trade was based upon a broad distinction between countries which supplied primary products and were usually fields of investment for foreign capital (in other words debtor countries) and the highly industrialized countries which imported raw materials and paid for them by exports of capital. Great Britain was a creditor nation *par excellence*. For years before the war its trade balance was adverse so far as goods were concerned, but favourable by virtue of its invisible "exports," capital, insurance, brokerage, and so forth. The other vital element in international trade was the fact that this broad distinction was not dependent upon bilateral trade. The exchange of goods and capital was not a direct one, based on balancing, say, New Zealand's exports of butter against Great Britain's colonial loans. Trade was multilateral. The interest on Great Britain's investments in New Zealand were not necessarily paid for by New Zealand's dairy produce. New Zealand's produce might be going to France, and France's debt to New Zealand could be used to cover the New Zealand commitments to Great Britain.

Obviously the first necessity of such a system was a medium of exchange acceptable in all countries as the common factor in international multilateral trade. This was supplied by the gold standard, that is to say, the convertibility of national currencies into gold, and deriving from it the possibility of paying the balance of international commercial debts in gold should a merchant or government so desire it. Constant exchanges between exporters of manufactures and exporters of raw materials prevented capital from silting up in any country, and the

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universal acceptability of national exchanges based on a gold standard kept the whole system supple.

The disintegration of this delicate mechanism was hastened by the war. The two balancing factors began to disappear. The balance between industrial and primary producing countries was destroyed. The old producers of raw materials began to industrialize, and a new phenomenon arose—that of industrialized countries which were also debtors, Germany, for example (the war stripped her of her capital resources), or the states of Central Europe, various South American countries, India, and Japan. At the same time the new creditor countries misunderstood their international rôle. The United States, and to a lesser extent France, exported capital but took no goods in exchange. Such a one-sided exchange was possible only so long as the United States continued to export capital to cover the interest charges on her previous loans. Between 1925 and 1929 Germany was practically financed by the United States, which first sent the capital and then money to pay the interest.

The decade following the war was characterized by a vast expansion of productive capacity (since the old primary producing states were becoming industrial) and by the increasing difficulty of selling the goods thus produced. The growing rigidity of the international market was masked until 1929 by the extraordinary fluidity of American capital crossing and re-crossing the Atlantic. But the American slump of 1929 was a day of reckoning for Europe, and for the world as well. Once American capital began to ebb away as rapidly as it had flooded in the year before, Germany stood revealed for what she was, a country which had built up a vast industrial machine upon borrowed money, and had now to find capital not only to keep the machine working but to buy the raw materials with which it was fed. Her only means of payment were the export of her goods, but the creditor countries (the United States, France, and Great Britain) were the last places to receive goods when they could not even dispose of their own manufactures. America's protective tariffs, already far too high, were raised still further in 1931 with

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the express purpose of keeping such goods out. Here, then, we see the effect of the breakdown of the old balance between creditor-manufacturing and debtor-raw-material producing countries. Industrialized debtors such as Germany and to a lesser extent Italy, Japan, and the Central European states, had nothing to offer for debt service and the purchase of more raw materials but their manufactures, which none of the creditor countries were prepared to accept.

The immediate result was a catastrophic fall in the volume and value of international trade. If we take 1929 as a normal year, and give it the index number of 100, we find that by 1933 the volume of international trade had fallen to 74 and the value to 35.2. Since that date the world has been slowly recovering from the crisis, but international trade lags far behind, and may never recover to its old level; and this is a new phenomenon in the world's economic history.

Another result of the crisis was the disappearance of a generally acceptable medium of exchange. The gold standard worked only so long as the general balance between debtor and creditor countries prevailed, but became useless once enormous sums of money were owed to certain countries which were not prepared to take anything but gold in return. The gold drained out of the debtor countries and silted up in the creditor countries, as was shown by the bloated gold reserves of the United States and France in 1931. The debtor countries, sooner than lose their entire supply of gold, imposed exchange restrictions, forbidding the use of gold to settle the outstanding balances in international trade (thirty-seven countries operated under exchange restrictions in 1936). It is easy to see what a disastrous effect these restrictions were bound to have on the international exchange of goods. The universal acceptability of exchanges in the past rested on the fact that when, for example, a merchant in Java accepted German marks in settlement of his account he knew that he could either get gold for his marks or use them to buy goods, say, from China. And the Chinese merchant sold him goods on the same understanding. But once the

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German government declares its inability to exchange marks for gold, what is the value of the mark? The Chinaman does not know, nor does the Java merchant. To settle their account they will demand gold, goods, or another currency which is still universally acceptable. The fewer of these free currencies there are and the less mobile the supplies of gold become, the more dependent are Germans and Javanese and Chinese upon a direct exchange of goods (or barter). But multilateral barter on a large scale is only possible if the various deals are carried out through the agency of a common medium of general acceptability, which a controlled currency ceases to be. Thus exchange restrictions reduce the volume of international trade.

The bearing of our excursion into international trade upon the colonial problem lies in the fact that most of the countries which have been obliged to control their currencies belong to that new post-war category of Powers to which we have already referred, the industrialized debtor Powers, which depend upon outside sources of supply for essential raw materials. The whole problem of the access to raw materials and, indirectly, of the colonial problem as well, is to some extent one of international trade and currency, for raw materials in the past have been purchased in the open market by the normal multilateral methods of international trade, whereas since 1931 international trade on the old basis has almost disappeared.

The colonial problem considered from this angle is only one expedient for lessening the pressure upon those states which have become industrialized without capital reserves, and now find themselves cut off from sources of supply by their lack of free currency and gold. One solution would be a return to large-scale international lending. This is a step recommended by M. Van Zeeland in his report published at the end of 1937. Since 1931 virtually no international long term loans have been issued. Lending would ease the strain in the debtor countries and lead to a world trade revival. But it is not clear whether this solution would be acceptable to the countries themselves, which have unhappy memories of the 1929 disaster, and whose

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national honour resents a position of dependence upon foreign finance. Hitler speaks meaningfully of "the servitude of interest," and one of the slogans behind Germany's new industrial drive (the Four Year Plan) is "Independence of foreign Capital." Nor are the Germans unjustified if this lending is to be of the post-war pattern. International lending from behind vast tariff barriers which effectively neutralize any attempt to pay interest in goods, would simply lead to another concentration of bullion in the creditor countries and to another crash. France and the United States would have to be prepared to change their commercial policy.

In point of fact the "dissatisfied" Powers have made no attempt to seek a solution along these lines. It is not that they have resigned themselves to a shortage of raw materials. On the contrary, everything in their political, military, and economic programmes suggests that they will need more and more copious supplies for some years to come. They have not all adopted the same expedients. Japan's policy was to devalue the yen, and under cover of this differential advantage and with the aid of the appallingly low standard of living of her workers to begin an onslaught upon the markets of the world, flooding them with cheap textiles, boots, shoes, bicycles, light manufactures, and bric-a-brac of all sorts. The proceeds of these enormous sales went to buy raw materials, and the policy was so successful that in 1935 Japan achieved for the first time in twenty years a favourable balance of trade.

Germany's shortage of gold and free foreign currencies led her to adopt a different policy. Although the purpose of this policy is always the same, to do away with the necessity of using gold and foreign currency at all, it takes various forms. First of all she trades with countries which will trade with her in return, and by securing a balance, avoids the need for foreign currency. This is the policy of "clearing agreements," which Italy and several central European countries have adopted too. In fact, it is barter—you sell to me and I will sell a corresponding amount to you. For example, Germany has nothing to sell to Australia and New Zealand, but needs meat and wool. By granting

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the Argentine certain concessions, she can persuade the Argentine market to absorb her manufactured goods, and so she has transferred to the Argentine the purchases of meat and wool which used to come from the Dominions.

Another side of the same policy is the drive towards producing in Germany itself the raw materials for which she would otherwise have to pay in foreign currency or gold. Synthetic rubber and wool, intensive state development of the country's low grade ores, the utilization of all by-products and of all waste and scrap are aspects of this new drive towards autarchy.

Finally, there is Germany's desire to extend the areas in which her own controlled currency is accepted as a means of exchange. Here we come upon the colonial problem. One of the most important reasons why the "dissatisfied" Powers are pressing for a settlement of their colonial claims or, as in Manchuria and Abyssinia, have taken the settlement into their own hands, is just this desire to extend their own currency area and to control territories from which they can buy raw materials without the necessity of resorting to free currencies or to gold.

This chapter must not be considered a digression. The difficulties of currency and of lack of purchasing power lie at the root of the colonial problem, but at the same time the nature of these difficulties is enough to show how unimportant is that problem compared with the general problem of international trade. The difficulties to-day are caused by the breakdown in most parts of the world of the traditional system of exchange. The function of international capital is decreasing in importance, and the tendency is to replace world-wide exchange by the building up of exclusive blocs which aim at self-sufficiency. The colonies have been thrown into the mêlée, because they are not sovereign states, and the "Have Not" Powers hope that some concession may be obtained peacefully by change of ownership. But obviously, when necessity drives, colonial or non-colonial status is unimportant, as is shown by the attack on Abyssinia, or the war in China, for both these countries are sovereign states. For the same reason the transfer of colonial territory would do little to ease the

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situation. Everything we have discovered so far has shown the unimportance of colonies as markets, above all as suppliers of raw materials (with perhaps the exception of Malaya and the Netherlands East Indies), and the currency problem is yet another proof. How trivial has been the effect of France's colonial customs union compared with her own general import quotas or the tariffs of the United States ! The transfer of a snippet of territory here, another snippet there, would not touch the economic problem at all.

Two other factors have complicated the problem for the dissatisfied Powers. The first is the rise in the price of raw materials and primary products in recent months, whereas they are, if anything, in need of even larger stocks. The other is, of course, their armament programmes. Germany finds it hard to capture foreign markets by increasing her exports when large proportions of her imported raw materials are "frozen" into bombs and shells and tanks. The alternative is either to reduce exports (but then how could she purchase further supplies of raw materials ?) or to reduce the people's standard of living. Germany has chosen the latter course. General Goering's words must be proverbial by now. "Iron has always made an Empire strong ; butter only makes people fat. . . . Either we bought butter and went without freedom, or we achieved freedom and did without butter. We decided for iron. That is one cause of the butter shortage."

CHAPTER XI

COLONIAL STRATEGY AND COLONIAL PRESTIGE

ENOUGH has been said in previous chapters to show that the positive economic advantages derived from the possession of colonies are extremely difficult to assess, and in most cases so negligible that we cannot but feel amazed at the force and optimism of colonial propaganda. Certain facts suggested, however, that the various economic reasons

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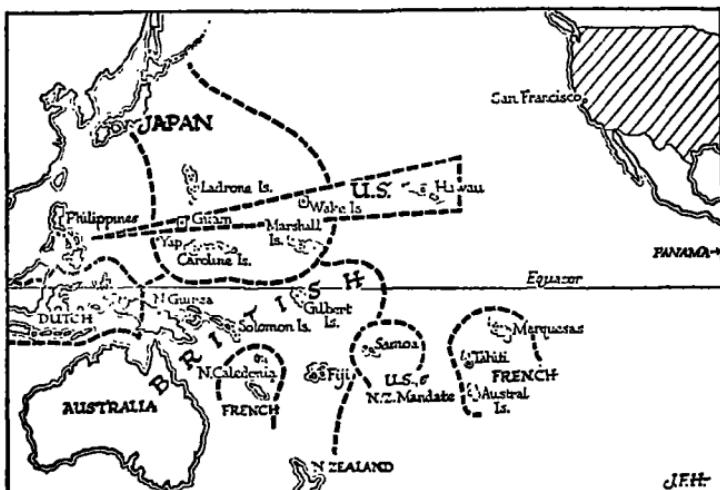
put forward for colonial expansion belong to a much wider problem, that of world economic organization, access to raw materials, currency problems, and so forth, while attention has been focused upon colonies round which an economic theory, at once attractively simple and quite misleading, can be built up, and in this form presented to the public in order to excite their interest and (if necessary) their indignation. From this springs the importance of the political aspect of the colonial question, which is greater to-day than the economic, however much political propaganda may be laced with specious economic argument.

The purely political aspect of the colonies includes the question of strategy and the question of prestige, but it is dangerous to talk of any factor in an international problem as being purely this or purely that, for each is an alloy of different sentiments, needs, and hopes. We may say that Papua and New Guinea were annexed to Australia for purely strategic reasons. But the fact gets us little farther. There need be no strategy if there is no threat. The threat feared by Australia is from Japan and it is partly economic, the threat to Australia's standard of living if coloured labour were introduced into the Continent. But Australian fears are racial too, fears for White Australia, fears for their six and a half millions if Japan's seventy odd began to spill over into their country. Or, to take another example, Joseph Chamberlain began his imperialism on an entirely commercial basis. He saw the Empire as a vast exchange and mart for British goods. Yet many people believe that by the turn of the century the prestige of Empire was beginning even with him to outweigh economic considerations. Cecil Rhodes combined a policy of colonial gangsterism with a dream of a British or rather Anglo-Saxon Empire which was to include the United States and Germany as well, a vision which recalls the Aryan doctrines of the third Reich.

It follows that strategy and prestige are difficult to define, for they are subject to varying standards. Strategy depends upon what a country wants and what it thinks worth defending, and the value of possessing colonies is not always a straightforward strategical problem. Colonial

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bases, it is argued, are valuable and essential to protect a nation's scattered interests. But what is the position when these scattered interests turn out to be the colonial bases themselves? In some cases might it not be better to have stayed at home in the first place, especially as scattered forces in various parts of the globe weaken a country's military resources when it comes to home defence?



Mandates in the Pacific.

(Reproduced by kind permission from *Atlas of Empire*, by J. F. Horrabin; published by Victor Gollancz, Ltd.)

This, however, is not true of much colonial territory, and colonial bases can be used to protect not only colonial territory but trade routes and foreign markets as well. Experience in the past has shown that Great Powers have predatory instincts where trade and profits and overseas interests are concerned, and a country's peaceful intentions are not necessarily enough to secure it the undisturbed enjoyment of its overseas trade. Given these facts, colonies obviously play a very important part in national defence,

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though not a static part, since the invention of new means of communication or attack keeps their absolute value in a constant state of flux. For example, the strategic importance of Malta and Gibraltar has been seriously diminished by the development of Italy's air force, whereby (in the vivid words of Major Cole) "the hundred mile canal from Suez to Port Said has been extended into a two thousand mile canal from Port Said to Gibraltar." This potential menace to British shipping of a hostile Italy has reawakened interest in the Cape route to Great Britain's eastern markets and dependencies. Here again colonial strategy may be an important consideration, for the return to Germany of South-West Africa would jeopardize the safety of Britain's longer route to the East.

Many of Japan's colonies have great strategic importance, Korea, for example, which bottles up the Sea of Japan and dominates the Yellow Sea; Formosa (the secret of whose defences is closely guarded) and the Ryuku islands look out on to the shores of South China, the Mandated Islands bring Japan 2,000 miles nearer both to the United States and to Australia. According to the provisions of the Mandate these islands must not be fortified, and the Mandates Commission in 1935 were satisfied that there had been no violation of this pledge. Nevertheless, there are rumours of secret development of fortifications on these islands.

The absolute military value of colonies is equally difficult to assess. When no native forces are raised, the expense of colonial defence has to be covered by the home budget; the other extreme is where troops are raised in the colonies and are liable for service in defence of the mother country. With a few small exceptions, Great Britain raises native troops only for use in the colonies, and the necessity of providing colonial garrisons from her British establishments tends to weaken her defence at home. In 1930 the colonial troops only amounted to 12,836 men. Indian troops can hardly be counted as colonial, but their part in the Great War should be remembered.

France fuses her national and colonial army, and North Africa is an integral part of the defences of the mother country. With falling population and man power, France's

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black troops are very valuable to her, and one of her strategical problems in the Mediterranean is to make sure of her "life line" between Toulon, Marseilles, and the North African coast. This fact helps to explain her anxiety in Spain and her determination not to allow the Balearic Islands to be "colonized" by Italy. Against the military advantage of reserves of black man-power must be set France's military budget of 7 milliard francs, to which only a fraction is contributed by the colonies.

The strategic and military development of Italy's African empire is going forward more rapidly than the economic, perhaps rightly since, as we saw, the empire is economically disappointing, whereas it may be put to good account as a political weapon to obtain concessions, possibly economic, elsewhere. Libya has received a magnificent supply of strategic roads, while a Naval Command and Army Corps are to follow. This territory, most of which is desert, is perhaps an almost "pure" example of a strategic colony. In the Red Sea, Assab is to be developed as a counterweight to British Aden. Italy has raised twenty-one native battalions in all her colonies, and they played a major part in conquering Abyssinia. Whether Italy will introduce colonial conscription is not known. The drain of empire is heavy, an average of 300 million lire since 1931, and this sum excludes the cost of the Abyssinian war.

The smaller colonial Powers—Belgium, Holland, and Portugal—hold their empires on sufferance. It follows that they can make no use of them from a strategic and military point of view, since a condition of "strategic value" is the power to fight and the intention of doing so should the occasion arise.

Although it is dangerous to formulate general rules, it is perhaps safe to say that the strategic value of a colony usually depends upon its nearness to the mother country. Japan and her colonies form a linked ring of islands round China, a sort of encircling line to "East Asia." Italy's strategic position in the Mediterranean is greatly increased by the possession of Libya, Tripoli, and the Dodecanese, whereas the position of Abyssinia and Eritrea, lying farther away, is strategically more open to question. Italian

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transport depends upon the Suez Canal, and in time of war it might be closed. France has a prolongation of her own territory in North Africa, a big strategical advantage so long as Italy fails in the attempt to change the Mediterranean into an Italian lake. Great Britain's colonial empire, lying at the four corners of the earth, is practically useless strategically to the mother country. But Great Britain's commercial interests are world wide, and her colonies provide ports of call and coaling stations for the navy which protects these interests. Britain's naval position might be more impregnable in the Channel if she had no overseas commitments, but in that case she would not be able to afford the navy at all.

Prestige is the other political asset bestowed by the colonies. Whether a country calls its colonial domain "the Empire upon which the sun never sets," or "overseas France," or "the revival of the Roman Empire," its citizens feel slightly larger than life when they remember the sunbaked lands over which their flag is flying, the light of civilization which they are bringing to those who sit in darkness, and the beneficent rule of civilization which is waiting to transform the "lesser breeds without the law." Their feelings of proud possession have often been stirred up and exploited for commercial purposes or in the interests of power politics and strategy, but in themselves they are not reducible to terms of something else and are rooted in nationalism, in the feeling that somehow it is better for one's own people to possess territory and make money out of it rather than that any one else should do so. Cecil Rhodes was haunted by his vision of the Anglo-Saxon Empire, of the great white race and its "white man's burden," France has her "civilizing mission," while Mussolini believes that imperialism and fascism are one, both being marks of a young, vigorous, and expanding people, and that imperialism is therefore simply a sign of life and growth.

Nor is the importance of this question of prestige likely to diminish in an age of feverish nationalism like our own. It might have been possible to convert a nation in the forties and fifties of last century from imperialism on the

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ground that it did not pay. But in those days the unique interest of the nation was to discover things which *did*. The modern ideologies are not commercial but national, and are as much concerned with glory as with hard cash. Thus the way in which the question of possessing colonies and the status of Great Powerhood are linked in popular imagination must affect national policy. The dissatisfied Great Powers, however, have, as we shall see, varying grounds for pushing their colonial claims. Japan is less concerned with her status than either Italy, who is a new-comer to the ranks of Great Powerhood, or Germany, who was stripped of it in 1919. Nor is the connection inevitable. No Power is more indubitably "great" than the United States, but, except for her various strategic outposts in the Pacific and the islands protecting the Panama Canal Zone, she seems to regret her excursion into colonial adventure, and is trying to take refuge from a troubled world inside her own frontiers. Obviously these frontiers are wide enough and enclose riches enough to allow the United States to play hermit crab without loss of prestige.

Ultimately the value of the colonies both in strategy and prestige depends not upon any intrinsic value of their own, but upon the policies and rivalries of the Powers which own them. Greenland is not much more barren than Libya, but no one bothers to send 80,000 troops there, for there would be nothing for them to do but frighten the seals in the Behring Straits. The same number of troops on the edge of the Mediterranean is enough to threaten the European balance of power, although Libya is not one jot more fertile on that account. Singapore would not be the strategic hub of our Empire in the East if Japan had no navy. The Union of South Africa might be readier to part with its Mandate over Germany's old colony if it were to be returned to a small agricultural state in Central Europe with no ideas on racial rights and Aryan missions. Thus the question of prestige and even of strategy belongs to the next section, which deals with the relations of the colonial Powers with each other rather than to this which has attempted to assess some of the tangible advantages of possessing colonies.

PART II

RIVAL IMPERIALISMS

CHAPTER XII

COLONIAL DISPUTES AND WAR

ONE of the most familiar explanations of the connection between colonial ambition and war is that imperialism is a symptom of the final stages of capitalism, and imperial rivalry one of the inherent contradictions in the system which will finally destroy it. Production for profit, based on the exploitation of labour, must lead, it is argued, to a glut on the home market, for the purchasing power of the masses does not keep pace with their output. The beneficent policy of raising the standard of these masses so that they can buy more is incompatible with the continuance of big profits, and thus the capitalists must look for markets overseas in which to sell their surplus goods. Colonial expansion or imperialism thus accompanies the later stages of capitalism, and given a world in which there are numbers of capitalist Powers all requiring new markets, friction and finally war are inevitable.

That colonial disputes have caused tension and sometimes war nobody will deny, and colonial wars are not confined to the period of "late capitalism." The fifteenth, sixteenth, and seventeenth centuries are a long record of hostility between Spain, Portugal, Holland, Great Britain, and France, wherein the issue, although it was usually linked with questions of the European balance of power, was economic, and resembled imperialism in that it was

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concerned with the acquisition of markets and the exclusion of other competitors.

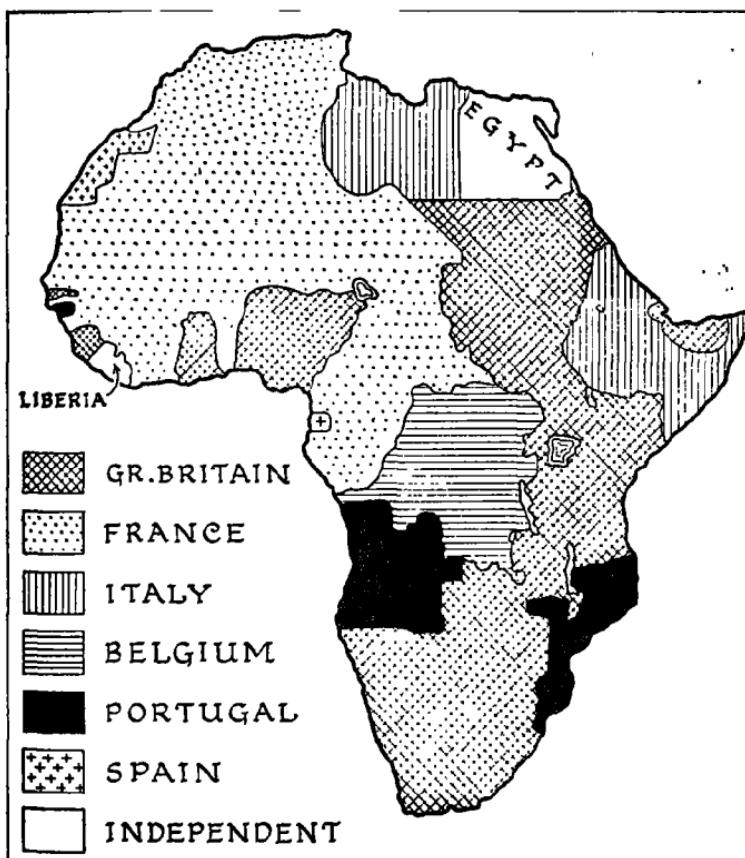
In the period immediately preceding the war international relations were constantly receiving charges of tension generated by colonial rivalry. China was one storm centre. There the Western Powers squabbled among themselves, and later with Japan; from the quarrel sprang the Russo-Japanese War of 1904. In the Middle East, although there was no question of war between Russia and Great Britain, they were bitter rivals in Persia until the exigencies of European politics led them to come to an understanding in 1907. But the disputes which brought Europe to the brink of war arose over Africa.

France and Great Britain came within a hairbreadth of war in 1898. France's ambition was to extend her Empire from the boundaries of Abyssinia to the Atlantic. Commandant Marchand hoisted the French flag at Fashoda on September 19, 1898. Here he was met by Kitchener fresh from the victory of Omdurman. Great Britain, determined to control all the old territory of the Mahdi, was prepared to accept France's threat that she would make war rather than submit. Finally France gave way, but the British Premier, Lord Salisbury, admitted that war had come very close. Between France and Great Britain, however, the clash of rival capitalisms was much less decisive than their mutual fear for the balance of power in Europe, or, more shortly, their distrust of Germany. The economic interests which were apparently in such open collision in 1898 peacefully accepted a full settlement of the colonial issue in 1904 as part of the Anglo-French Entente. As we have already seen, the same overriding political considerations (fear of Germany) led to the Anglo-Russian settlement a few years later.

Germany's activities in Africa were one of the causes of this uneasiness. British public opinion was upset by the Kaiser's telegram to the Boer President, Kruger, in 1895, and by the outcry in Germany over the Boer War (similar in intensity to the outcry in Great Britain over the Italian war in Abyssinia). The Chartered Companies of the two nations were in keen competition in East Africa, while

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Germany's position in Togoland and the Cameroons was an anxiety to France.



The partition of Africa.

Morocco was the area of maximum disturbance. Great Britain recognized France's preponderent interest in Morocco, but the Kaiser was unwilling to accept the

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exclusion of Germany, and by his visit to Tangier in 1905, which led to the Conference of Algeciras a year later, he secured the internationalization of the port of Tangier. This was not enough. A far more serious crisis arose in 1911 when two German warships appeared off Agadir apparently to reopen the whole Moroccan question. The French and British general staffs consulted, and the outbreak of war seemed so inevitable that the Belgian army mobilized. However, an understanding was reached between France and Germany. An attempt (successful until it was interrupted) was made later by Germany and Great Britain to fashion a settlement too, but the war intervened.

Undoubtedly colonial conflicts hasten war; the imperialist expansion of capitalist countries has disturbed international peace, and the connection between maladjustments inside the capitalist system and the search for outside markets is an obvious one, but it is necessary to stress some important variations on the imperialist theme, for without them we may be in danger of over-simplifying the problem.

CHAPTER XIII

IMPERIALISM, OLD AND NEW

ENOUGH has already been said about the resources and commercial policies of the various empires to show the unimportance of their colonial resources. This is a fact the theorist sometimes seems to forget, and we find the critic of British imperialism joining Field-Marshal Goering in a diatribe against the British Empire, with its 480 million subject peoples, and its 11½ million square miles, vast fields for predatory exploitation by the British capitalist. The insinuation is, moreover, that large parts of this Empire were built up in an attempt to exclude foreign competition and that this type of empire building or "imperialism" is an inevitable stage in the majestic progress of capitalism towards its own decline and fall.

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As a recent critic puts it, "the hypothesis that every capitalist system, when it comes to a certain stage of development can only continue to exist if it acquires outlets for its products by the acquisition of undeveloped areas alone accounts for the recent and present behaviour of [in this case it is Japan, but the remark applies to] every capitalist system."

This criticism commits the old, old mistake of underlining acquisition as an important element in "imperialist" expansion, whereas, as we have seen, it is not. British capital has more at stake in Argentine than in all her dependent or "acquired" territories, and it should be remarked that British merchants in Argentina are not operating under monopoly conditions, but must compete with alternative sources of supply such as Germany or the United States or Soviet Russia.

And if this acquisition of *undeveloped* areas were of such vital importance, we could not explain the fact that colonies as they develop grow to be much more valuable as markets, not much less; this is shown, for example, by the trade between the British Dominions and Great Britain. Some countries have reached a stage of advanced capitalism without any outside acquisitions, yet they "continue to exist." Czechoslovakia is a "Have not" Power with a highly organized industrial system, but she shows no desire to join in a competitive colonial struggle. If "the acquisition of outlets" is a condition of further prosperity once a certain level of capitalistic development has been reached, then the prosperity of the Scandinavian countries or of Holland is something of a puzzle. "Ah," the critic will reply, "Holland is a case in point—a tiny country highly industrialized with one of the richest colonial empires in the world." But the truth is that Holland acquired her empire when her capitalist development was in an embryonic stage, whereas towards the 1880's, when she had grown into a later and more complicated stage of capitalism, and ought, according to the orthodox analogy, to have been looking overseas for exclusive outlets to relieve pressure on the glutted markets at home, she took the extraordinary step of ridding herself even of the exclusive

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outlets she already possessed. In 1886 Holland repealed the last East Indian preference in favour of her own goods and opened the colonial market to every other Power on equal terms with herself, with the result that her share in her colony's trade is lower than the colonial trade of any other Power with its dependencies.

The theory allows for none of the great divergencies in the colonial practice of the various Powers. The United States, where capitalism is perhaps more highly developed than anywhere else, is quickly backing out of her imperial commitments, but not because she has yet to reach the imperialist stage. American imperialism was a living thing at the turn of the century when the Spanish war was fought, Cuba and the Philippines annexed, the Panama Canal built, the Canal zone acquired, and the United States joined wholeheartedly in the scramble for China. The position is very different to-day. The Philippines are being given independence almost faster than they want it themselves. Foreign lending—one of the most important weapons of imperialism—has virtually ceased ; and yet if the system really must "acquire outlets" or collapse, America's attitude is positively suicidal. By the same analogy, Great Britain's behaviour is as difficult to understand, for, in spite of Ottawa, the general movement inside the old colonial empire has not been towards more exclusive privileges to the mother country. India was incomparably the most important British market. It has achieved fiscal autonomy. Ireland has independence. Malaya and Ceylon were able virtually to nullify the provisions of Ottawa so far as they affected their commerce, and when in 1936 France denounced the treaty which guaranteed the Open Door in West Africa, Great Britain made no attempt to close it in her own colonies, an opportunity which a capitalist Power so near to dissolution as this country ought surely to have seized without any hesitation.

The relative indifference of certain of the most highly industrialized Powers to colonies is perhaps partly due to the fact that capitalists are concerned with commercial realities. If Part I. of this book proves anything, it is the *unimportance* of colonial acquisitions as a factor in a

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country's prosperity. It is true that capitalism can glut the home market and therefore needs foreign outlets for its goods, but the colonies, either as outlets for goods or sources of raw materials or both, have been uniformly disappointing. The important markets are countries with a high standard of living and industries of their own, and an exclusive colonial policy is not only no substitute for access to foreign markets but actively hinders it, for it tends to create a dangerous interdependence between the colonial and metropolitan markets, to the exclusion of other countries, which, unable to sell, are also unable to buy. These facts have not escaped the notice of the capitalist, whose livelihood depends upon a literal interpretation of economic tendencies, and the conclusion which he draws is that exclusive imperialism is a mistake and indefensible on purely commercial grounds. And thus it is possible for the capitalists in a highly developed capitalist economy like that of France to protest bitterly against any extension of "imperialist" policy in the direction of rendering colonial outlets still more exclusive. In this country, too, there is a general desire in certain commercial circles to revise Ottawa in favour of a more liberal system—in other words, to get rid of the "exclusive outlets" which Ottawa was designed to provide.

In the 1880's the commercial interests of Germany, Great Britain, and France were clamouring for a "forward" colonial policy. The pressure brought to bear by the Hamburg firms such as Woermann or Goddefroy on Bismarck to annex territory in East and West Africa is a notorious example, and only one among a thousand such. The orthodox view of imperialism is borne out by almost every move in the spoliation of Africa, but that does not necessarily mean that it still holds good to-day. In 1880 nobody quite knew what the resources of Africa would be, but judging by contemporary accounts, people had conceived fantastic ideas of the natural riches and the fertility of the "Dark" continent ("Dark" like the Dark Ages in that no one knew anything about it!) as well as of the regiments of docile black labour, combined rather incongruously with the great "empty" spaces for white settle-

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ment. Thereafter the really disheartening fruits of conquest could not but impress the business interests who had been responsible for the annexations, for this continent parcelled up into so many "exclusive outlets" was infinitely less valuable to European commerce than areas exposed to all the rigours of competition in South America, the United States, or even the Far East. It was therefore highly unlikely that another campaign for the control of exclusive colonial possessions would be launched by private commercial interests.

At once the protest will be raised that that is exactly what is happening. The two wars of recent years—in Abyssinia in 1935, in China in 1937—are "colonial wars for exclusive colonial possession." No one would deny it, but the question is, whose policy is being pursued? Is it that of merchants who realize that colonies are commercially unattractive, or of nationalists who do not understand commerce and are not disturbed by their ignorance?

The truth is that the theory and practice of imperialism is not what it was in the 1880's. Then the capitalists were behind the government and the army, pushing them into a policy which some of them (Bismarck, for example) actively disliked. To-day the position is exactly reversed. Where aggressive imperialism is being practised, the army and the executive are imposing it upon an unwilling business world.* As we have seen, Joseph Chamberlain in the 1890's looked on the State as a species of super joint-stock company designed to forward the commercial interests of its shareholders, that is to say, of a limited group of bankers and capitalists. To-day the typically modern State is a Leviathan consecrated to the service and glorification of nation or class in which all group interests are subordinate to the "will of the collectivity," in other words, to what the ruling clique say that will shall be. This ruling clique is not composed of business men, nor are their interests commercial in the orthodox capitalist sense of "profit seeking." Economics are subordinate to the purposes of

* Certain heavy industries who profit by wholesale rearmament are perhaps an exception until they find they have been transformed into a department of State.

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the State, which are determined—to give one example—not by the stock exchange prices, but by *Mein Kampf*. The colonial problem is no longer a matter of a 15 per cent. return upon capital investment, but of Emperor worship, or the community of blood and soil, or Mussolini's will to power.

Economic arguments may be bandied about, but they are not decisive. The modern version of aggressive imperialism is in a new category, and we are hardly surprised to find that even within the Totalitarian countries themselves it is covertly attacked by the very capitalists who are supposed to be pushing it. Dr. Schacht sighs for freer foreign trade and a return to foreign lending. He is given Goering, the Four Year Plan, colonial adventure, and self-sufficiency. Italian capitalism has had to suffer sanctions and a capital levy for the privilege of investing in an Abyssinia utterly incapable of paying dividends for years to come. In Japan the Prime Minister and Finance Minister, who represented orthodox capitalism, were shot for opposing the army's advance in Manchuria. In 1931 Japanese capitalism advocated further industrialization and peaceful foreign trade. The army called for invasion and conquest. The capitalists were defeated and had the melancholy satisfaction of seeing their policy—flooding the world with Japanese goods—successful enough to cover some of the costs of the soldiers' military campaigns!

Perhaps this discussion of the orthodox criticism of imperialism may seem something of a digression, but it is not. Nothing so disables us from studying a problem than approaching it with a handful of labels ready gummed for use. The view that imperialist aggression to-day is the fruit of capitalism is too one-sided a statement to be anything but misleading. In Germany we are dealing not with capitalists, but with the capitalist's Frankenstein, a creature for whose birth they were partly responsible, but which shows few signs of filial piety. We are dealing with a form of state which is primitive and barbaric, yet backed by modern science, modern armaments, and superlative technical efficiency. Anything less like Joseph Chamberlain's joint-stock company can hardly be imagined. It

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follows that the determinants of policy are nationalism, patriotism, ambition, state glorification, militarism, Cæsarism, while economics are subordinate to and a weapon of these. It is true of the colonial sphere as well. To think that it is simply a question of decadent capitalism struggling to capture exclusive markets is to refuse the facts. If it were so, economic readjustment—access to raw materials, return to free trade, and the like—might have some effect, for we must assume that a man who is only out for profit knows on what side his economic bread is buttered. But if the quest is “guns, not butter,” then the whole colonial problem is infinitely more complicated, and many of the purely economic factors which we discussed in Part I.—value of colonies, or rather lack of it, advantages and drawbacks of colonial trade, and so forth—have little or no bearing on the conflict between the “Haves” and the “Have Nots,” which is a rather melancholy thought. It is easier to satisfy a Rothschild’s desire for investment than a Mussolini’s desire for power.

CHAPTER XIV

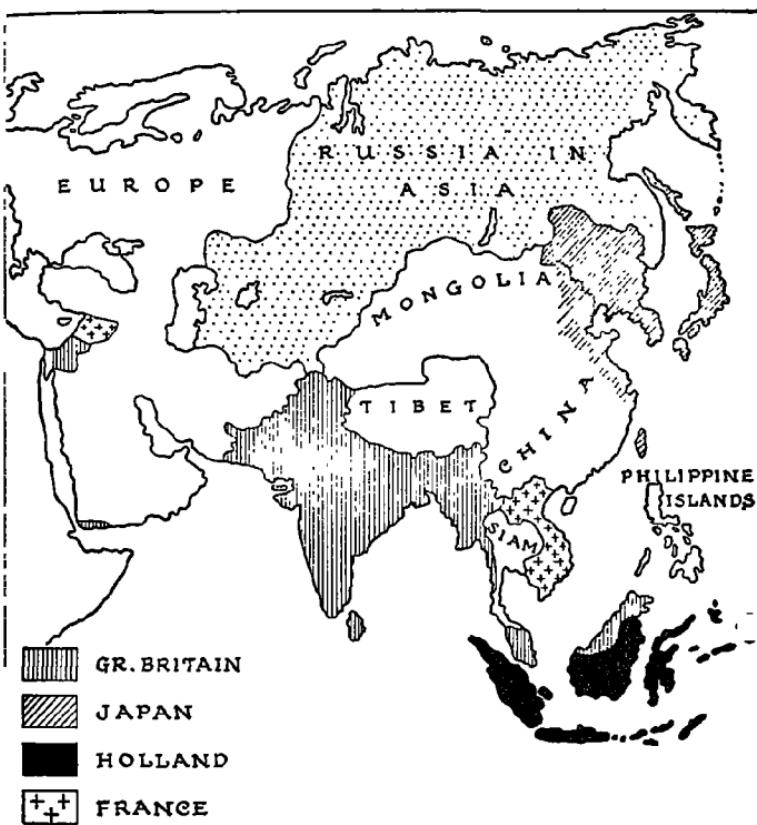
JAPAN’S CLAIM TO EXPAND

JAPAN is a “Have Not” Power, but not through lack of possessions. Her overseas dependencies, if we include Manchuria, are already great, and support a population second only to the empires of Holland, France, and Great Britain. She is a “Have Not” because her acquisitions have so far failed to touch the core of her economic problem; in other words, because she feels she has not got enough. This chapter will not criticize, but will simply state Japan’s case and discuss her plea for expansion.

On Japan’s 147,462 square miles of territory live over 69 million people. Superficially the density of population is not so great as that of many Western industrial nations, such as Great Britain or Holland or Belgium, but since in this mountainous country only about 18 per cent. of the

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land is arable and 15 per cent. cultivated, the density of population per cultivable acre is very high, well over one thousand.



Empires in Asia.

Moreover, over 50 per cent. of the population lives by agriculture, and must get its livelihood from this 15 per cent. of arable land. (In England only 7 per cent. of the people live on the land, and the country has been trans-

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formed into a great workshop.) It is important to remember that in Japan agriculture is still the basis of the community, though an increasingly unstable one.

For the next fifteen years Japan has to find ways of absorbing about a million more people into her economy every year. Although the birth-rate is beginning to show a tendency to decline, the population is still more than reproducing itself, and the decisive fall in the number of births which usually accompanies the later stages of industrialization will not come to pass in Japan for many years yet.

Japan's problem is, quite simply, how to deal with her growing population. She might, for example, absorb the yearly surplus into agriculture. But could she? Her agricultural system is run on very uneconomic lines, and already seems to be in a state of decay. The pressure on the land is such that the average farm-holding would be little more than a garden according to European or American standards. Only 1.4 per cent. of the farmers have holdings of more than $12\frac{1}{2}$ acres, and even these tiny farms are not all freehold. Over 26 per cent. of the country people are tenants, obliged to surrender sometimes 50 to 60 per cent. of their harvest to the landlord, while the proprietors in their turn are often so much in debt as to be little better than tenants themselves. The whole agricultural community subsists under a fantastic burden of taxation and debt. It is therefore hardly surprising that their standard of living is barely above starvation level, and it follows, too, that the capacity of agriculture to absorb thousands of fresh workers year by year is practically nil. The intensive cultivation of the soil is already very high, and more rice (Japan's staple product) is produced per acre than in any other Oriental country. This high productivity is due to the amount of labour which is applied to each square foot of land, an amount which cannot be raised much further. In fact, the pressure of population upon the land, although at first it doubled its productivity, is now an obstacle to further improvements. To run agriculture economically, the adoption of large-scale methods is required, and the application of machinery. Such a course would lead to

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the complete collapse of Japan's overcrowded rural economy, and where landlords have attempted to evict tenants and break up small holdings in order to operate over a larger area the result has been rioting and bloodshed.

In such a position a country has two alternatives—emigration, or an industrial expansion big enough to absorb the steady stream of new workers born in the towns or drifting in from the impoverished villages. Both solutions are closely bound up with the question of colonies, as "vast empty spaces" for settlement, or as adjuncts to the trade of the mother country. There is a third alternative, however, that of war and conquest.

Japan bases her case for annexing and controlling colonies as outlets for her surplus population on the fact that in whatever direction her emigrants have turned, they have come up against the restrictive policy of the Western Powers. For example, as far back as 1901, in the first session held by the newly formed Commonwealth of Australia an Act was passed excluding Japanese emigrants. In 1908 Canada limited the number of Japanese emigrants to 400 a year. In 1913 the permanent settlement of any Japanese was forbidden in the Union of South Africa. The United States made a first step at limitation in 1908, and in 1924 excluded the Japanese completely on nothing but racial grounds. Japan feels that she has not fared very happily at the hands of the English-speaking world. Brazil made no such restrictions at first, and even subsidized the entry of Japanese, but in 1934 a quota was introduced, and no more than 2,775 Japanese are to enter the country each year.

An exclusion much resented and much canvassed by the Japanese is that imposed by Australia. They point to a continent of 3 million square miles with a population of some $6\frac{1}{2}$ millions, large tracts of which, they say, are only waiting for the patient work of an industrious body of Japanese colonists content with a frugal standard of living of the pioneer type, if not to blossom like a garden, at least to give a livelihood to thousands of emigrants driven forth by the pressure of population on a restricted land supply at home. The Japanese quote with approval the attitude

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of such men as Professor Warren Thompson, who in his book, *Danger Spots in World Population*, remarks that unless Japan is given land she will fight for it, in which case it will be worth her while to take the best land she can get, the temperate regions of New Zealand and Australia where the climate is most like her own, but "if by giving Japan some of the unused lands in this area Australia could avert the possibility of attack by Japan, it would seem part of common sense for Australia to help Japan to secure these lands." And the Dean of Canterbury remarked in 1933, "I have great sympathy with Japan, a vast industrial country seeking an outlet for her population and still more for her goods. . . . I should like to have seen a great English gesture . . . in presenting to Japan that part of Australia which we cannot colonize ourselves."

Australia's defence is reserved for the next chapter. Here we are only concerned with the needs and grievances of Japan. The territory of the white peoples has been closed to her, but can she not find compensation in countries inhabited by her own race, and indeed what else is she doing in Manchuria? The Japanese reply that, for one thing, the climate on the mainland of Asia is unsuitable for Japanese colonization and, for another, Manchuria and China are already densely populated. The attraction of turning south towards Australasia is the existence of empty land. Not only are Manchuria and China overcrowded, but the crowds live at a lower standard than the Japanese peasants, who would therefore be obliged to live less well as colonists than they do in Japan, desperately low though the standard there may be.

The ill-success of their attempts at emigration forces the Japanese back upon other alternatives, industrialization or imperialist war.

It is possible to support a big population by completely industrializing the country. Great Britain did so in the nineteenth century. Japan with over 50 per cent. of the population still working on the land could go far in this direction, but *not* on the strength of her own raw materials, for in this respect she is not well supplied. She has a surplus of silk and sulphur, enough copper and enough coal,

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although the quality is poor. She lacks cotton, wool, petrol, and iron ore, all grave deficiencies in modern industry. Until 1930 Japan's industrial structure was built up on the basis of her one raw material, silk. The U.S.A. was her best market, and so long as the American boom lasted Japan could use the proceeds of her silk sales to buy cotton, wool, metals, and petrol. With the imported cotton and wool she manufactured cheap piece goods for the Asiatic markets, and these sales made it possible for her to buy more raw materials. The unreliable basis of this system was revealed when the American market collapsed in 1929, and the U.S.A. ceased to buy luxury goods. Years of severe crisis followed in Japan. Two ways were open to her, to conquer territory and obtain supplies of raw material directly, or to increase her world trade and, by selling more of her goods, secure the means of buying more raw materials. She tried both courses.

In her attempt to sell more goods Japan found herself up against the same kind of opposition which she had met over her attempts at emigration. Japanese goods received as cool a welcome as had the Japanese people. It was not that the flood of goods was greater than before the slump, but it was different in kind and began to trespass upon the reserves of other producers—of the Lancashire cotton spinners, for example, or the silk manufacturers of Lyons. Japan now produced better yarns and piece goods, she became the world's greatest exporter of rayon (artificial silk) which competed with the finest cottons from Lancashire, and the range of her exports expanded to cover all sorts of light manufactures—clocks, bicycles, rubber shoes, and so forth, all at astonishingly low prices. In 1934 a trade ship visited West Africa offering motor cars for £55 and bicycles for £1.

But she was obliged to push her sales in a world in which international trade had been halved by the slump. The French Customs Union of 1928, the 1930 Smoot-Hawley tariffs in the United States, and the Ottawa agreements within the British Empire, were all barriers to impede the flow of Japanese goods. Moreover, a series of special restrictions were enacted expressly to exclude her goods,

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which by reason of their extraordinary cheapness were undercutting the Western Powers in markets which they had come to regard as their preserves. In 1934 the British government imposed textile quotas in certain of her colonies, basing the restriction upon Japan's average exports to each colony between 1927 and 1930, whereas the big expansion of her sales had not begun until 1931. It is true that the quotas restricted imports from all countries except in the case of West Africa; here the restrictions discriminated against Japan only. The injustice of the quotas from the Japanese point of view was demonstrated by the fact that Japanese sales rose by 7 million yards in those British colonies where freedom of access was guaranteed by the Open Door, and fell by 41 millions where the quotas were in operation.

The Dutch East Indies, the last home of a completely liberal and free trade policy, followed Britain's suit in 1933 and imposed an emergency quota system which covered textiles, beer, and cement, and discriminated strongly against Japan.

Another example of discrimination which caused great indignation in Japan was the denunciation by India in 1933 of the Indo-Japanese agreement of 1904 (wherein Japan was guaranteed as good a treatment as any other Power) and the setting up of a 75 per cent. tariff on non-British piece goods. The tariff was lowered later to 50 per cent., and the negotiations were, after all, conducted by an Indian government enjoying fiscal autonomy. But undoubtedly this step, together with Ottawa and the textile quotas, roused bitter indignation in Japan against the old and glutted British bull-dog lying across the manger of world trade.

"How," argue the Japanese, "can we support a growing population by industrializing our country when we must rely for our supplies of raw materials on the goodwill of foreign Powers who on the slightest provocation seem determined to prevent us trading at all? How do we know that our foreign supplies and markets may not be completely closed to us overnight? The risk is too great. We must secure sources of supply and outlets for our goods

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which are incapable of retaliating against us"—which, of course, leads to the third alternative, colonial adventure and conquest.

Japan secured Formosa from China after the Sino-Japanese war of 1894; Kwantung and then Korea were added after the Russo-Japanese war; in 1931 began the successful invasion of Manchuria; in 1935 a peaceful step was taken towards detaching North China from China proper, and when this failed war broke out between China and Japan in 1937.

The success of the policy from the Japanese point of view is the creation of a closed empire which renders Japan self-sufficient with regard to food, and may do so even when Japan's population has increased by 10 millions more. Manchuria can give a little coal, some (admittedly very low grade) iron ore, and an enormous supply of soya beans; oil shale has been prospected. It may be possible to develop sheep-farming and do away with Japan's dependence upon Australian wool. The military leaders have since 1935 been talking of a grandiose scheme for settling a million Japanese families on Manchurian land. North China has coal, iron, and cotton, and China as a whole is a vast storehouse of unexploited natural wealth and docile coolie labour awaiting the magic touch of Japanese capital and Japanese organization. "East Asia" of the future will be the mightiest and most efficient empire the world has ever known. This was the picture present to the imagination of the Japanese while their guns and troops were devastating the Yangtze valley and the Chinese retired, burning and destroying crops, fields, and villages as they went, so that China's riches might not fall into the hands of Japan.

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CHAPTER XV

THE CASE AGAINST JAPAN

I. *Population*

JAPAN's growing numbers and geographical limitations are not open to dispute, and our criticism must turn on Japan's methods of meeting the growing pressure. The Japanese claim that since the satisfied nations have closed their doors to Japanese settlers, Japan's need for overseas expansion amounts to a need for exclusively owned colonial territory. This suggests an anxious multitude of Japanese colonists clamouring in their thousands before the closed frontiers of Australia, the United States, or Canada. The picture is entirely misleading. The Japanese are not emigrants. They dislike leaving their own country. The United States emigration laws of 1924 were directed against an annual figure of 1,000 Japanese emigrants, which may be compared with Italy's emigration average of over 190,000. Between 1926 and 1934 the net emigration from Japan only twice rose above about 6,000 persons, and in 1931, a period of crisis when pressure at home was at its worst, the excess of people *returning* to Japan over those emigrating was over 2,000. In 1917 Brazil offered a subsidy for an annual emigration of 5,000 Japanese, but only once was the figure reached before 1923. Afterwards the numbers were greater and reached 23,000 in 1933, yet even so the total number resident in Brazil was still barely a tenth of the Portuguese or Italian emigrants. In 1930, including Manchuria but excluding Formosa and Korea, only 509,754 Japanese were living abroad. This we may compare with the 9 million Chinese settlers who are scattered through the countries of the Pacific.

It cannot be said that the pressure at home has reacted on Japan to anything like the same extent as on Italy or even Germany. We have the right to ask whether, given

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this apparent lack of enthusiasm for colonization, the need for emigration can be pushed as an argument for possessing colonies. And when we turn to Japan's actual colonial experience, the facts are not encouraging from her point of view. In 1930 there were only 501,867 Japanese in Korea (or 2.5 per cent. of the population) and in Formosa 232,299 (or 5 per cent.), and in the case of Korea 171,543 Japanese were already there when the colony was annexed. As an outlet for surplus population which is increasing by nearly a million a year, just over 300,000 emigrants in twenty years cannot be called encouraging.

So far Manchuria appears to be following the same unfortunate course. The Japanese were economically interested in Manchuria long before they actually invaded it, and from 1907 onwards there was talk of establishing 1 or 2 million Japanese farmers on its empty lands. Since that date emigrants have streamed into Manchuria, raising the population from 16 to 29 millions (thus greatly reducing the amount of "empty" land), but these 13 millions were not Japanese. *Chinese* agriculturists swamped the country, while the number of Japanese in 1930 was only 228,551.

The creation of Manchukuo will, it is hoped, lead to greater Japanese emigration, but there is no certainty about it. There are 30 million Chinese already living there. Invasion does not cause them magically to disappear overnight, and if their standard of living is lower than the Japanese standard, then Japanese farmers will think twice before coming over to compete with them. This applies with even greater force in China proper, where the land is even less "empty" and the standard of living correspondingly low. If, however, Japan were able to invest capital on a large scale in Manchuria, push its industrialization and generally raise its productivity, might this not affect the possible openings for emigration? Whether Japan is in a position to do this will be discussed later on. Here it is only necessary to mention the 30 million Chinese Manchurians. Their wages are much lower than Japanese wages, and it is they and not Japanese labourers who would be employed in industry. And if they are already

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30 million strong in a pre-industrial society, to what level would their numbers spring after industrialization?

A Japanese writer, Kyoichi Ishii, has summed up the position admirably: "After a considerable effort extending over several decades the number of Japanese emigrants abroad, including colonies, equals only the number of one year's natural increase within the nation." Thus, whatever else Japan's colonies may be, they are not outlets for her surplus population.

Perhaps the Japanese would now point out that their colonies, valuable in other respects, possess two serious defects, they are climatically unsuitable, and they happen to be inhabited already; but in Australia—or at least in large tracts thereof—this is not the case, and only the selfish and insulting exclusiveness of the British keeps them out.

We must examine this complaint carefully, for, whatever else is untrue, it is quite correct that in Canada, Australia, and some parts of Africa lie the only lands of temperate climate which are not yet fully developed, and they are all to be found within the British Commonwealth.

Japan's eyes have turned southward already. She has 113 million yen invested in various islands of the Pacific, there are Japanese communities in Hawaii and the Philippines. Her trade with the south Pacific accounts for over a billion yen. In his celebrated book, *Japan must fight Britain*, Lieutenant-Commander Ishimaru declares that after the defeat of the British navy "Australia and New Zealand will pass into Japanese hands." The trial of strength in China may distract Japanese attention from Nan Yo—the South Seas—for the time being, but this preoccupation may not last, and writers and politicians outside Australia are constantly urging Australians to realize the necessity of making a peaceful gesture before it is too late.

Australia has already made up her mind. She admits that large tracts of Australia are uninhabited, but denies that any one could ever live in them. Queensland and the Northern Territory are usually in people's minds when they talk of handing over empty lands to Japanese coloniza-

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tion. As recently as December 1937 the whole question of the Northern Territory was considered when the committee appointed in the previous April to draw up a twenty-five-year plan of development delivered their report. The report is discouraging for those who think the territory capable of supporting a large population. The present number of about 4,000 could be increased to 15,000 in ten years, perhaps to 40,000 within twenty-five, provided the government gives its assistance. That population and production have been roughly stationary for many years is partly due to administrative incompetence, but the land cannot be intensively settled without "wrecking lives and wasting money." The high lands are suitable for sheep-farming, which does not allow for "close settlement." As for the plains, they have neither the rainfall nor the vegetation of the tropics, and are subject to intense heat and to winter drought. Agriculture of the Japanese smallholding type is quite out of the question.

In Queensland the white population has grown as much as, say, the Japanese population in Formosa. The country is more fertile, but stock-raising is the staple occupation and only supports a small population. The whole northern area has already cost the government £700 million; would the Japanese be ready to invest more?

The Australians also doubt the physical possibility of Japanese emigration. They are unable to settle in Formosa because of the heat, but Northern Australia is right in the tropics. If all this territory really had been attractive to settlers, how was it that long before Captain Cook other races had not thought it worth the taking? There are records of Malayan visitations, so it can be argued that the coloured peoples have already had and refused their opportunity.

Is the Japanese or the Australian view correct? With regard to the northern territories, probably Australia is right in maintaining that, under existing conditions of scientific knowledge, little can be made of the land. Germany would not be grateful if France magnanimously handed over a piece of the Sahara. Japan would really gain very little from securing a free hand in the northern

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territory. But, as we shall see when we discuss Italy's grievances, Australia's emigration embargo applies to the fertile regions of Australia as well ; here the reason for excluding coloured labour is that it depresses the general standards of living of the white working-class. It is an unfortunate comment upon our industrial system that the result of two differing standards of living should be the fall of the higher standard rather than the rise of the lower. This is a difficulty which Japan should appreciate, for it is one with which she is only too familiar in her dealings with her poorer Chinese brethren. However, it does not reconcile Japanese public opinion to the embargo, which is resented on racial grounds. To the question whether Japanese colonists are physically suited to become settlers in South Australia the answer is "Yes." But to the question, "Would they go there ?" the answer is much more doubtful. In spite of subsidies both from the Japanese and the Brazilian governments, the number of Japanese settlers in Brazil was only 113,558 in 1930 ; or, to give an even more striking example, when the Australian emigration embargo was imposed in 1901, there were only 5,000 Japanese settlers living in all Australia.

There remains a final question, whether Japan in conjunction with Chinese coolie labour could not develop the whole continent more quickly and efficiently than the Australians with their high standards and low man-power. The conquest of China falls into perspective as a preliminary step in the conquest of "Nan Yo," a step to secure supplies of cheap labour. Japanese emigration would be unnecessary, the Japanese standard of living would be untouched, Japan would open up vast new fields for her own industry and commerce. What would become of the unfortunate Chinese is not said. However, this brings us to the limit of profitable speculation. For the time being it is true to say that most conclusions with regard to Australia and its "colonial" problem tend to be based upon simple faith, that of the Australians in the Yellow Peril, that of the Japanese in the selfishness of the White Race.

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2. Raw Materials and Markets

In criticizing Japan's plea that she must have colonies because of the general tendency to close foreign markets to Japanese goods, we come upon a difficulty to which reference has already been made. When economists argue about the disadvantages and waste entailed by an exclusive colonial policy—the dislocation of world markets, the uneconomic expenditure of men and materials, and the rest—they are thinking in terms of the type of international trade which flourished before the war and continued in a very crippled state to function up to 1929. Now it is possible that this type of general international trade, which, as we saw in Chapter X., was based on certain rather special conditions, is to be temporarily eclipsed and its place taken by the building of general, fairly self-sufficient blocs which will trade with one another on a strict basis of barter, that is to say, the direct bilateral exchange of goods. The United States and Soviet Russia are blocs of this sort. France and her colonial empire are not self-sufficient, but they are exclusive. Ottawa was a sign of the same tendency in the British Empire. Italy's sphere may be the East Mediterranean and North-East Africa. Germany has already created a sort of economic "Mittel Europa," or Danubian bloc. From these analogies, it may be argued that "East Asia" (China, Manchuria, and Japan, united under Japan's economic leadership) is a sign of the times and of the way in which, in an age of planned economics, the planning of international trade seems destined to move.

If this is the case, our criticism of Japan's policy on the Asiatic mainland, which is, after all, even in China proper, a *colonial* policy, has a general application. The first difficulty about "bloc" building is that it does not do the one thing its advocates claim for it, it does not give greater stability and prosperity than a policy entailing what they would call a risky dependence upon unrestricted world trade. The United States, the most prosperous, highly developed, and self-sufficient economic unit in the world has not fully

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recovered yet from the depression years after 1929, whereas the Scandinavian countries, which depend on outside supplies for nearly everything, suffered relatively little, and enjoy an exceptionally high standard of living.

The next criticism is that the distribution of raw materials is so haphazard that the construction of really self-sufficient blocs is practically out of the question. And these raw materials are, as we have already seen, largely in the hands of sovereign states. Colonial supplies are negligible. Now it is possible that in this new era the sovereign independence of this or that state will be no obstacle to its becoming the object of the colonial attentions of more powerful neighbours. China is a case in point, and Central Europe may be going the same way. But if this is the case, then we are condemned through economic policy to a series of predatory wars to which no particular distribution of raw materials will ever put an end, for science in every decade is changing our needs and our discoveries, and what is a negligible metal to-day may be an essential one next week. We have only to think of the example of coal and petrol. Now when we see that according to the theory of the "exclusivists" a discovery of a new raw material may at any moment make necessary a re-drawing of national frontiers we can realize the contradictions into which strict economic nationalism would lead the world. What is wanted to-day is not more possession, but less possession. As Sir Norman Angell points out, the building up of exclusive currency and colonial areas is simply an attempt to make economic nationalism a little less impossible by artificial means, whereas the health of the world really calls out for a pooling of resources.

However, in the case not only of Japan but of Germany and Italy as well, the day of self-sufficiency is far off. Japan in particular is still extremely dependent upon foreign supplies, so we are entitled to criticize her policy from the short-term point of view.

Japan has no difficulty in securing all the raw materials she requires so long as she can continue to sell her cheap manufactured goods. Thus her claim for colonies as markets and as sources of raw materials is often based

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on the existence of the various restrictions placed upon her goods which we discussed in Chapter XIV. These quotas, preferences, and embargoes restrict her sales, and so she is not able to buy. There is no denying the fact that such restrictions damage Japanese trade, but Western countries are entitled to a *tu quoque*. Japan is accusing them of a policy which she has pursued from her earliest years as a colonial Power. Formosa, Korea, the Mandates are all "assimilated," and, as we said, no metropolitan country in the world has so high a share in her colonies' trade as Japan. In Manchuria the Open Door guarantee has been violated, and now we are witnessing the beginning of a drive to turn all foreign interests out of China proper. Lieutenant-General Watanabe is reported to have said: "The purpose of our operations in China must be first to awaken China and then to sweep from China the influence of Britain. The aim of making China return to the principle of Sino-Japanese co-existence and co-prosperity can be achieved only if British influence is driven out of China." The attentions bestowed by the Japanese soldiery upon all foreigners make it clear that Britain is to have companions in her misfortune.

If Japan, ever since the beginnings of her colonial empire, has rigidly excluded the goods of other countries, she has little moral right to object when, very late in the day, they take similar steps against her, especially when these countries (Great Britain, for example, or the Netherlands) are as small and overcrowded and industrialized and dependent upon foreign trade as she.

But Japan's competitors have other grounds for complaint. In most cases it was not the actual volume of Japanese exports to their colonies which disturbed them, but the extraordinarily low prices at which these exports were being sold, prices with which, as one Lancashire business man put it, Great Britain could not compete even if she got her materials free. The Japanese retort that if Japan by superior organization and efficiency can manage to produce cheap exports, and the colonial peoples show a natural preference for buying these cheaper goods, then the policy of the colonial Powers in closing the colonies to

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Japan is not only unjust to Japan but to the dependent peoples as well. But the question is whether these low prices *are* due to organization and efficiency, and the answer is that although in part they may be, the determining factor is the miserable wage level and the pitiful standard of the Japanese workers.

In 1934 average wages in the cotton trade were 10d. for 8½ hours' intensive labour. By increasing the pressure of work on each individual worker it was possible between 1929 and 1932 to cut down the number of women workers per 10,000 spindles by 25 per cent. This drastic reduction of the labour force, combined with the fall in wages, lowered labour costs by over 50 per cent. To this must be added the fact that the social services as we understand them in this country do not exist in Japan. The bigger factories, it is true, make certain provisions for the care of their workers under the system which has been given the comfortable but misleading name of "paternalism," but it has been estimated that the cost is not more than 2d. a head per day. These "paternal" conditions do not hold good of smaller establishments where the difficulty of competing with larger units and the lack of any capital reserves leads to the starker exploitation of the employees (who are often children or relatives of the owner). And it is estimated that some 46 per cent. of Japan's workers are employed in workshops employing a labour force of five or even less.

The coexistence of industrial countries with varying standards of living is not so much a colonial as a world problem. This fact was recognized at the end of the war, and the International Labour Office at Geneva was set up to try and raise standards of work and living to the highest possible level all over the world, for, under a competitive system such as ours, the coexistence of good and bad labour conditions leads to the depressing of the good. The problem, though universal, has a particular connection with the colonial policy of Japan, for it creates the deadlock we have just described. Japan complains that she must have colonies because the Western nations block the free entry of her goods into the markets of the

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world. The West replies that to compete with Japan the Western standard of living would have to be radically reduced. They are not prepared to take so retrograde a step; therefore Japan must be excluded. They might further point out that Japan herself is not ignorant of the difficulty raised by varying standards, for one of her principal reasons for invading China is to nip in the bud China's nascent industrialism, which, operating under labour conditions even lower than those of Japan, would produce goods cheap enough to drive the Japanese from the markets of Asia. If this should happen Japan would collapse.

There is another difficulty connected with Japan's cheap labour. Is not her need for expansion in part a function of the desperately low standard of living of her peoples at home? Why should she overrun colonial territory while her own land is still at a colonial level? The country people are too poor to provide a market for Japanese goods. Why not try raising their standard? The most stable industrial countries are not those with vast overseas dominions, but those in which, as in the Scandinavian countries, the general standard of living is high and all citizens can afford a share of the country's products. Nowhere in the world are the disparities of riches and poverty so appalling as in Japan. 50 per cent. of the population live at starvation level on the land. At the opposite extreme four firms—Mitsui, Mitsubishi, Yasuda, and Sumitomo—control an enormous percentage of the country's industry and finance to such good effect that the income of some members exceeds £130,000 a year. So long as the economic structure of the country is built up on vast and irresponsible concentrations of wealth, no colonial policy is going permanently to settle Japan's economic problem. Who will profit by the policy of colonial expansion? Certainly not the farmer at home, who, as we saw in Chapter VII., comes near to being ruined by the competition of colonial imports. Those who profit are a small group of capitalists and financiers, to whom may be added, if colonial policy be conducted by violence, various armament manufacturers as well. And we should

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do well to bear in mind that these conditions exist in other countries besides Japan.

The force behind Japan's present aggression does not, however, come from the big capitalists, who before and after 1931 have advocated the better results to be obtained from peace and international trade. Unfortunately for them, they base their policy on Japan's ability to compete and undercut, and as this depends on agricultural and industrial misery in Japan, it too is no lasting solution, especially as the industrialization of India and China with their lower labour costs cannot be permanently postponed. Yet their apprehension on the score of Japan's growing entanglement in China can be understood. Japan still depends upon the markets of the world, particularly America. The longer the war lasts, the more are precious raw materials diverted to the manufacture of armaments, and the less are they available for the manufacture of those exports which are Japan's only means of covering her bill for further raw materials. The heavy industries profit by this state of affairs for the time being, and the business community is divided. The real force behind the war comes from the army. The officers spring largely from the impoverished countryside. They dislike the big business interests, which they accuse of monopolizing the State. Their policy of conquest is still feudal and predatory in character. They are conquering China, not to develop, but to strip her.

This is a final difficulty behind Japan's present colonial policy. Apart from the wastage of money, men, and materials, apart from the havoc created in China and the irreparable harm done to Sino-Japanese trade and friendship, there remains the question whether, having exhausted herself in war, Japan will be able to make anything of her new "colony." As we have already seen, the analogy of Manchuria is not encouraging. Successful colonization entails a vast amount of capital outlay. The vaunted riches of China—undeveloped supplies of coal and petrol and every kind of metal—do not lie on the surface of the ground, there for the taking. Mines must be sunk, factories built, roads, railways, bridges, and irrigation schemes constructed. Land has to be cultivated before it will produce

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thriving crops of cotton and rice. Where can Japan, whose national debt is already larger than her whole national income, find capital reserves to develop this vast sub-continent which she is ready to overrun? There are signs that she would welcome a loan from America. But why does she fight a costly war for exclusive control of a territory when at the close of hostilities she will be too poor to take advantage of her victory? China might have been "penetrated" peacefully without the wastage of war. But here again we are brought up against Japan's unsound economic structure. She is poor. She belongs, like Germany and Italy, to those countries which have industrialized without a stable basis of capital reserves. It follows that she could not have peacefully competed in China with wealthier Powers such as America or Great Britain; so she is determined to turn them out, only to find, apparently, that she needs them after all.

Japan's colonial policy is a gamble. But there is also the possibility of it being a successful one. Her reserves may be sufficient to tide her over the war and to begin the industrial exploitation of China in the interests of Japan. But unless the existing economic structure is modified, success will only indirectly benefit the Japanese people. To the Chinese it can only bring disaster.

CHAPTER XVI

ITALIAN IMPERIALISM

ITALY's claim to "Have Not" status has a similar basis to that of Japan—pressure of population on inadequate supplies of land, and extreme shortage of raw materials. Just at present, when great efforts are being made to stimulate friendly feelings between the two nations, this bond of common hardship is a favourite theme in the inspired Press. For example, the *Popolo d'Italia*, in an article commenting on the imperial virility of Italy and Japan, remarks that, "Exceptional density of population has

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schooled both peoples to a life of sacrifice and toil, of moderation and thrift ; the fact that both were condemned to expatriation has long linked Japan to Italy on the world's highways, has taught them the meaning of starvation wages, of arrogance and humiliation, the contempt of those whose sole merit was to have enriched themselves on the tears and sweat of emigrants. Such for the two nations has been the great drama which has finally resulted in the justification and precipitation of revolt."

The passage is interesting, for it helps us to understand the nature of Italian imperialism, wherein economic difficulties are largely subordinate to the psychological and emotional state of mind of the Italian people. Throughout this chapter it should be remembered that the economic issue is secondary. It is the fuel with which the imperial fire is stoked, but other factors, notably the "will to power" of one man, first put the match to the conflagration.

However, let us examine the economic position first of all. Italy's population is growing, albeit slowly. In 1921 there were 38,710,000 inhabitants. In 1932 the number had increased to 41,179,000. To-day it is over 42,000,000. Thus the population is increasing by between 350,000 to 400,000 a year. The amount of land at Italy's disposal is some 120,000 square miles, of which one-third is unfit for cultivation ; hence the density of population per square mile is greater than the figure (339) suggests. Italy cannot feed her population from her own resources. At great expense she has succeeded in increasing the acreage under wheat, but even so, only in good years is she independent of foreign supplies, and her imports of meat and fish are always heavy.

Two peaceful courses are open to her in order to find a livelihood for her growing population. She could industrialize intensively on the model of other western countries such as Great Britain or Belgium, or she could adopt a policy of wholesale emigration.

The difficulty of industrialization is that Italy's stock of minerals is even poorer than her agricultural resources. She has no petrol, cotton, wool, or rubber, and very scanty supplies of iron, coal, and copper. Her deficiencies in fuel

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are to some extent counterbalanced (as in Japan) by abundant water power in the Alps and Apeninnes, but this alone is not enough to make her position easy with regard to industry.

As to emigration, no country has practised it on so great a scale as Italy. Before the war Italians left their native country at a rate of 190,000 a year. The emigrants were all of the poorest class, and they went abroad to find a better livelihood than they were likely to scratch from the land at home. Thus they tended to go (as we saw in Chapter I.) to countries where there already existed a higher standard of living, rather than to Italy's African colonies where conditions were worse than in the mother country, and called not for white labour but for white capital.

This free movement of people across the North Atlantic was brought to a sudden end after the war. Both the United States and Canada imposed quotas on Italian emigration, and imposed them in such a way that the result was bound to be humiliation and resentment among the Italians. The quotas were arranged so as to admit a larger number of emigrants from Northern Europe than from the South, and the reason was partly racial, partly economic, on one hand the supposedly superior character, energy, and desirability of the "Anglo-Saxon" race compared to the laziness, dirt, and generally vicious temperament of the Latin peoples on the other, the low standard of living of Southern Europe, which would depress conditions in the New World. Thus the Italians were made to feel not only that they were racially inferior, but that their very virtues—their thrift, industry, and ability to live modestly—were held up against them.

Italian experience in Australia was no better. Here was a vast underpopulated continent, 60 per cent. of whose peoples were already urbanized. The Italians felt that they could, because of their simple standard, make a living on the land. What was their disgust and indignation when they were met with such philippics as this. "Italians are coming to this country at the rate of three hundred monthly. To whom does this country belong, to us or to Mussolini? Apparently all Mussolini has to do is to rattle the sword

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and we must allow all the grandmothers, grandaunts, and other relatives down to thirty-third cousins of Italians here to enter." An Italian journalist who went out to Australia after the war to examine the possibilities of Italian emigration thereafter expressed his reactions in burning language. "Why all this bitter feeling against the Italians? I will explain—in order to keep Australia white. . . . In fact, we are not white, we are olive . . . we are so degraded a race that the Australian women are exhorted not to marry our emigrants . . . our blood sullies, soils, adulterates their Australian blood. . . . The doors are shut in our faces with foul words as upon another 'yellow peril'—the olive peril—shut against the ally of yesterday, the friend of to-day, the third great European Power—Italy."

Now obviously the immigration policy of the "Anglo-Saxon" world reacted disastrously upon Italy. It thrust back on to the poverty-stricken soil of Italy the problem of what to do with the "500,000 men" who each year, according to Mussolini, ought "in one fashion or another to emigrate." And the national humiliation created a subconscious store of bitterness and resentment which Mussolini found easy to mobilize in the interests of his imperial plans.

The connection between the selfish immigration policy of the "Have" Powers and Italy's colonial claims is obvious. As early as 1925 Count Gippico said, "One of the worst errors of the Paris peace treaty was that no provision was made for giving Italy more colonial territories, Italy who has the largest and most laborious emigrant population of any country in the world and the smallest colonial possessions. There are all over the world waste lands underpopulated and underdeveloped crying for labour; Italy is almost the only country that can supply it."

Her colonial claims are also connected with the other difficulty, shortage of raw materials. It is a mistake to imagine that the plea for raw materials was speciously brought up when Italy was ready to invade Abyssinia. Immediately after the Great War, Italy drew up a draft League Covenant in which it was stated that "the international distribution of the foodstuffs and raw materials

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required to sustain healthy conditions of life and industry must be controlled in such a way as to secure for every country whatever is indispensable to it in this respect." The Peace Conference debated the question, but came to no conclusions, and the various international committees meeting after the war got no further than the suggestion that artificial trade barriers created by the war should be removed.

At that time the raw material problem was not the same as to-day's. At the close of hostilities, when for years all industry had been working on a war basis and vast stores of precious materials were immobilized in engines of destruction, a period of extreme shortage of most industrial necessities set in and Italy was badly hit. But, as we pointed out in Chapter X., the position to-day is not a shortage of supply, but the dislocation of international trade and the consequent maldistribution of the means of payment. Italy bases her plea for exclusive control of colonies upon her inability to buy in a world market where tariff barriers and international restrictions schemes have made it impossible for her to sell. How, she asks, can she industrialize further when even her existing industrial structure is precarious? The economic crisis struck her with particular force, and she raised the raw materials question again at the League Assembly in 1929 and at the World Economic Conference in 1933, on both occasions without result.

Italy claims that on the score both of industrialization and of emigration (the two possible policies for dealing peacefully with the problem of her poverty) not she herself, but the selfish policy of other Powers, is to blame. Thus, willynilly, she has been forced back upon a third policy, that of colonial conquest.

Many people interpret Italy's Abyssinian venture as the Duce's desperate expedient to divert public opinion from unemployment, falling wages, and bad conditions at home; unable to give his people bread, the Roman dictator staged a circus. But this view, as we shall see, is too superficial. From what has gone before, we can get an idea of Italy's economic grievances. Now it is necessary to consider her

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political grievances and the temperament of her leader, for they more than economics determine Italian imperialism.

When Mussolini took over the government of Italy in 1922 he did so by virtue of a wave of national emotion which was a crystallization of Italy's deep-seated feelings of discontent and inferiority. It is not suggested that all Italians were consciously ashamed and discontented in 1922, only that they were ready to recognize Mussolini's diagnosis of their state of mind as something which they had obscurely felt themselves. The roots of the feeling go back into the nineteenth century, to Italy's first attempt to secure Abyssinia. The sentiments expressed by the Press at that time might have been penned by Mussolini. Here is one. "Italy must be ready. The year 1885 will decide her fate as a Great Power. It is necessary to feel the responsibility of the new era ; to become again strong men afraid of nothing with the sacred love of the fatherland, of all Italy, in our hearts." This extract shows to what extent the idea of colonial possession as in some sense a proof of Great Power status had taken a hold on the Italian mind. A late-comer to the family of European nations, and something of a poor relation, Italy, from the first days of her nationhood has been jealous and uneasy of her position as an off-Great Power. Part of Mussolini's success is due to his ability to convince the world and the Italians themselves of their unquestioned importance.

But we are anticipating. Italy's first Abyssinian adventure ended in disaster at Adowa in 1896, and instead of colonial glory, Italy weakened her national status by a crushing military defeat at the hands of an uncivilized people. The Great War in no way added to her reputation. She betrayed an alliance to come in on the side of the highest bidder, and in 1917 suffered at Caporetto the most spectacular defeat of the whole war.

At Versailles she took her place among the victorious nations, and for a time seemed destined, together with France, Great Britain, and the United States, to act as arbiter to the whole world. But she found that she was still regarded as a poor relation. The Treaty of London, which in 1915 had brought her into the war, promised her

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satisfaction both in Europe and Africa. At the Peace Conference Italy got what she wanted in Europe, but the Allies' somewhat self-righteous attitude over the question of the Brenner frontier so wounded her hypersensitive national honour that she withdrew temporarily from the Conference. While she was away France and Great Britain divided up Germany's old colonies between them. Italy had been promised "equitable" compensation, should this division be made. Now the Allies regarded the matter as closed, and their dismissal of Italy's claim joined Caporetto and Adowa to fester in the Italian subconscious.

Mussolini was not the first to exploit Italy's economic and political grievances. In 1920 Signor Tittoni asked the nations "to renounce all selfish aims" and "support the cause of international solidarity" in sharing the world's wealth. But Mussolini put old pleas with new vigour, and his dynamic personality is quite as important a factor in Italian imperialism as poor land and teeming peoples. Italy in the early twenties, ashamed and resentful, was only too ready to deliver herself up to a man who understood the nature of her discontent. Mussolini, however, did not change the Italians into Imperialists overnight; it took him thirteen years to threaten, rant, encourage, and cajole his people into accepting the destiny he had mapped out for them and for himself. The personal element must not be overlooked. To his biographer Mussolini once remarked, "I am obsessed by this wild desire—it consumes my whole being. I want to make a mark on my era with my will, like a lion with its claw." Italy was destined to be the *corpus vile* of her Duce's "will to power," but the martial spirit had first to be created. Fascism preaches imperialism as the mark of a young and vigorous people, and as the duty of civilized peoples towards their less fortunate brethren. Italian imperialism has, moreover, a "parent empire" from which to draw inspiration, the Roman Empire; to rebuild the glories of Rome is a current theme. "If you listen," cries Mussolini to the youth of Italy, "with the pure proud souls of soldiers, you may still hear the terrible tread of the legions of Rome."

Now undoubtedly the economic crisis which struck Italy

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in 1930, and was growing worse instead of better by 1935, had some influence upon the Abyssinian campaign. Unemployed men could be drafted into the army and into labour battalions, patriotism would gloss over doles and short rations, and an external adventure keep people's minds off troubles at home. Sanctions helped. The picture of the glutted peoples of the world banding together to snatch Italy's morsel from her was a godsend for Mussolini's propaganda, and tighter belts could be attributed to the venomous selfishness of the British Empire. But economic considerations were secondary to Mussolini's consuming ambition, which he succeeded in communicating to his people, to renew the power and splendour of Rome in a modern Fascist empire. For proof there is the fact that Mussolini forecast in general terms the war and the time of its beginning as early as 1927, and plans for the annexation of Abyssinia were undertaken in 1932 when De Bono made his tour of inspection in Eritrea.

What does Italy expect to get from her Empire? If we take political advantages, at the head of the list stands prestige. The Duce has won his battle against Abyssinia and, as he does not tire of repeating, against the world. Next, there is the acquisition of territory in which Italy will have a free hand to show that she can colonize with the best, and that her "civilizing mission" is not mere sentimental claptrap. There are hundreds of young Fascists for whom the opportunity of building up and developing the uncivilized and usually barren and inhospitable territories of the empire opens up new horizons of hope and activity. Public works and development programmes have changed the face of Libya, of Rhodes, and, to a lesser extent, of the East-African colonies. In Abyssinia itself developments are necessarily embryonic, but an ambitious scheme of public works has been devised, including the construction of ports, roads, hydro-electric and mining plant, reafforestation, land reclamation, and town planning. To this extent the Italians are justified in claiming that they are capable of making something of Abyssinia, however unacceptable the argument may be as an excuse for annexation.

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This is a more attractive aspect of the political value of the empire than is the exploitation of its military and strategic advantages. Libya has received a supply of commercially useless and strategically valuable roads. The development of Eritrea from 1932 to 1935 and on to the present day is concerned with the prosecution of war. Various islands in the Dodecanese, notably Leros, are being equipped as naval and air bases. Native troops raised in Eritrea helped to conquer the natives of Abyssinia, and although conscription has not been imposed in the new territory, children are being enrolled in the Abyssinian Youth of the Lictor, which, if it is to resemble its Italian precursors, the Balilla, and the Avanguardisti, will be concerned with the right use of the rifle and other military virtues.

The economic advantages of the colonies are not so easy to assess. Mussolini has spoken of settling a million colonists in Abyssinia. So far, two small experimental stations have been established in the highlands in the neighbourhood of Addis Ababa, but not more than two hundred people are settled there. The Italians claim that the central Abyssinian plateau resembles Kenya, which the British regard as a white man's country. The fact that only about 17,000 white people have settled in Kenya does not disturb the Italians, for they point to the fact that Italian emigrants are not pampered sons of an effete democracy, and will go out prepared for a pioneer existence and a low standard of living until the wilderness has been made to flower. "The Empire," said the Minister for Italian Africa in 1937, "has been conquered to give an outlet for the proletariat, and not for a few privileged persons"; the government will not tolerate "a certain luxury mentality which is in opposition to the discipline of Fascism, and which might threaten to compromise colonization."

Abyssinia is to be source of food supplies and raw materials as well. Some minerals are known to exist. Iron, coal, tin, copper, gold, potash, and (more important than all the rest) oil have been mentioned, but the resources of Abyssinia are not yet properly surveyed. Agriculturally, some of the uplands are excellent, and produce several

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crops in the year. The Abyssinians had an export trade in hides already, but had not thought of sheep-farming ; the Italians, who are greatly in need of wool, will probably introduce it. There is talk, too, of growing cotton and rubber. The real drawback is the amount of capital investment which will be necessary to put any of these ambitious schemes into practice. There will be no immediate return on the outlay. Even General Badoglio admits that it may take thirty or forty years to make the Empire a profitable concern. In the meantime Italy had to spend £126 million conquering it.

We have followed up the motives, part political, part economic, which underlie Italian imperialism. There remains the last question. Mussolini has wiped out the shame of Adowa, Caporetto, and Versailles, he has gone forward triumphantly "without Geneva, against Geneva," he has crowned Victor Emmanuel Emperor of Ethiopia and added to the Italian patrimony 350,000 square miles of land which is claimed to provide gold, potash, iron, coal, petrol, and various fruits of the earth, and to which, year in, year out, a steady stream of hardy emigrants will be sent from the mother country. Honour and need are satisfied ; but is the Duce ? Can Italy's name be safely scored from the list of "Have Not" Powers ? It is not an easy question to answer. Mussolini declared at the end of the Abyssinian war that Italy was now "satisfied." Recent activities in Spain are not so reassuring. We can only hazard the guess that the issue will depend on Abyssinia itself. If a real Garden of Eden has fallen into the Italians' lap, then presumably they will be fully occupied for decades in exploiting its riches, and will not be tempted to further adventures which, if unsuccessful, might lose them Abyssinia as well. But if Abyssinia is a fiasco, its acres as barren as those of Libya, and its climate quite unsuited to white settlement, Italy will rejoin the ranks of the "Have Nots," poorer by £126 million and the annual drain of her armies of occupation.

CASE AGAINST ITALY

CHAPTER XVII

THE CASE AGAINST ITALY

It will be as well to concentrate criticisms on the economics of Italian imperialism. Its political side is based on nationalism, on such fundamental convictions as that it is better for Italians to profit by the riches of Abyssinia than that the Abyssinians should do so, that the more Italians there are in the world, the better it is, even if it means that there is less room for everybody else, that five Italians are better than five Englishmen, that if there is not enough to go round it is better that every other country should go short rather than Italy. For "Italy" we might substitute any of the other Great Powers. The feelings are not usually openly expressed, but they are fundamental postulates of the policy of any state, so long as the world accepts the nation and forgets the community of mankind.

We can criticize Italy's methods—her disregard for commitments solemnly undertaken and treaties voluntarily signed, her indifference to the sufferings of those who (unlike their leader) have to do the fighting, her use of poison gas—and the results in so far as her policy has political consequences other than those which she desired, for example, the goading of the "sleepy British titan" into a rearmament race in which Italy cannot hope to stay the course. What we cannot say is that, nationally speaking, Italy got nothing out of her victory, that the conquest of Ethiopia was not nationally satisfying to the Italian people, and that when on May 5, 1936, they gathered in delirious crowds below the Palazzo Chigi to learn that Abyssinia was "theirs," the kind of pleasure they experienced was less intense than that of, say, eating the better dinners they might have been able to afford if the £126 million spent on the Abyssinian campaign had been devoted to immediately remunerative public works at home.

And we must not forget Mussolini's "will to power." We might try for a moment to imagine ourselves in his

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place on the balcony at the Palazzo Chigi looking down on the sea of faces and hearing the steady roar of jubilant applause. It is not really hard to guess how well worth while he found the victory of the "sword of Rome."

We can criticize nationalism itself as a political theory, a philosophy of life, an eternal source of war, and a particularly dangerous aspect of colonial expansion, especially to-day. So long as states conformed to Joseph Chamberlain's idea of them, that of business concerns on an heroic scale, the economic advantages of imperialism outweighed all others. Like Great Britain and France before 1860, nations could cure themselves of imperialism by realizing that it was economically uninteresting. But the modern Leviathan, the modern nation-state, is not a profit-seeking enterprise. National ambition determines policy, and so we have the paradox of Germany demanding back on economic grounds colonies which the simplest calculation shows to be economically uninteresting. Germany does so because fundamentally she is not really interested in the traditional economic problem at all. She is not asking, "Will the colonies pay?" the old touchstone of desirability, but "If I get them back, shall I be strategically better situated, better able to blackmail other Powers, and better off when it comes to feeding my people in war-time—and finally, shall I feel better and bigger than I do at present?"

So with Italy. We are going on to examine her economic case, but we must remember that even if we prove her economic calculations to be entirely wrong, she will still want her Empire.

Italy's vital statistics show that the pressure of population is not so great as propagandists would have us believe. The birth-rate is declining steadily. Speaking in 1927 Mussolini said, "We are wont to say that Italian population is overflowing. This is not true. The river is no longer too full; the maximum was reached in 1886 with a birth-rate of 39 per 1000. To-day we are down to 27. . . ."

Since 1927 the rate has continued to fall. By 1934 the birth-rate stood at 23. Therefore Italy, in common with other Western nations, will increase her population for

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perhaps a decade or so longer, after which a catastrophic decline will begin. Now we might argue that, economically speaking, nothing could be more desirable. Italian population outstripped its narrow resources. Now it is sinking back naturally to its normal level. Certainly the selfish immigration policy of the Anglo-Saxon world is aggravating the problem to-day, but this is a period of transition, and time will remedy the evil within one or two generations.

But the Italians are not speaking economically. As Mussolini put it, "in order to be of importance in the world, Italy must begin the second half of the present century with at least 60 million inhabitants. If our numbers decline we shall not find an empire, we shall be degraded to a colony." In other words, Mussolini is not really concerned with relieving economic pressure at all. His real interest is, as we should imagine, empire.

Instead of welcoming a declining birth-rate which would sooner or later make for more tolerable economic conditions, the Italian government is making every effort by way of marriage allowances, family rebates, and bachelor taxation to increase this pressure, so that Italy may "be of importance in the world." Certainly they are free to take such measures, but are they then justified in using their state-stimulated increase in population as an excuse for taking other peoples' territory? We have every right to protest against an argument which is so completely circular. The Italians must have an empire in order to support an overflowing population at home, and they must have an overflowing population at home in order to support an empire.

There is another question connected with surplus population. Italy conquered Abyssinia in order to create an outlet for her proletariat, in other words, for small-holding farmers and white labourers. The experience of Africa as a whole, and of the older Italian colonies in particular, is not encouraging. In all Africa there are barely 3,500,000 Europeans, and all but 300,000 of these live either along the coast of the Mediterranean or in the temperate lands round the Cape. After troops and civil servants have been

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subtracted from these 300,000, how many remain who are agriculturalists and labourers? In 1931 there were not more than a thousand farmers in all the Italian colonies. In Eritrea, which is supposed to resemble Abyssinia most in climate, there were 84. Attempts to settle Italians on the plateau of Asmara had to be abandoned as uneconomic, and there is no guarantee that attempts in Abyssinia will be any more successful. There are very fertile areas in the new colony, but some lie in the tropics, in which case Italian capital and Italian direction would be valuable, but since white men cannot work as labourers in a tropical climate, no outlet would have been provided for the "proletariat" for whose benefit the empire was annexed; certain other areas which do enjoy a temperate climate are situated at such an altitude that the plainsman finds the air too rarefied and cannot work, an inconvenient circumstance in view of the fact that only one per cent. of the people of Italy live at an altitude of over 3,300 feet.

The illusion that Africa can provide "vast empty spaces" suited to white settlement dies hard, but perhaps Abyssinia will be its grave.

Now let us turn to the question of raw material supplies. Italy is a poor country, so runs the argument; moreover, in a world given over increasingly to economic nationalism with its panoply of tariff barriers, imperial preferences, and discriminatory quotas, Italy cannot sell her goods abroad and obtain those supplies of foreign currency which enable her to buy essential raw materials. Thus she has no alternative but to look for supplies within her own currency area, in other words, in an exclusive colonial empire. No one would deny the evils which have sprung from economic nationalism, yet Switzerland and the Scandinavian countries have a soil as barren as Italy's, no colonies, no currency areas, and are "satisfied" Powers with a high standard of living. Besides, Italy has to some extent fallen into a pit of her own digging. In 1927 Mussolini fixed the lira in terms of gold at a level determined, not by the economic capacity of the country, but by what Mussolini believed to be in accordance with Italian prestige. Then he promised to safeguard this inflated rate if need be "with his life"—

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which he did until 1936. This lira, fixed by "prestige" at far too high a level, was a serious handicap to the Italian export trade. Even before the economic crisis set in, Italian merchants found it difficult to compete on the international market, so part at least of Italy's exchange difficulties was due to Mussolini's error in 1927.

Again, it is not certain that the Italian government had *no* economic alternative to the risky and expensive gamble of a colonial war. As we pointed out in the case of Japan, there is such a thing as neglecting the home market. One way of getting rid of the proletarian is to ship him off to rot in Africa. Another is to raise his standard of living and give him a stake in the community. During the crisis the standard of living of workers and labourers in Italy fell by about 50 per cent. Or again, reclaimed land in Italy is certainly more valuable than irreclaimable land in the tropics. Two hundred and fifty-three million lire were spent on land reclamation and drainage in 1926, 282 millions in 1927, 311 millions in 1928. In 1931 it fell to 74 millions, in 1932 to 31 millions, yet at this time a big programme of military expenditure was already being prepared for Eritrea with a view to a future campaign. Which is economically more valuable to the people of Italy, £126 million worth of new farm land in their mother country, or £126 million worth of tanks, machine-guns, shells, gas, and all the other paraphernalia of war? Sardinia is still undeveloped; only 30 per cent. of the land is cultivated, and the density of the population is not a third that of Italy. If some of the £126 million had gone to land development in Sardinia, more outlets would have been created for surplus Italian population than in all the Italian colonies put together.

It is impossible to say as yet whether the Italian estimates of Abyssinia's raw material supplies are exaggerated or no. It is possible to say that the drain of capital out of Italy which will be necessary to exploit these minerals may well lead to a further impoverishment of the people. War expenditure was a paralysing blow to Italy's already staggering finances, and it is uncertain whether she will be able to make good her deficiencies by foreign loans. It

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is not really the moral difficulty of lending money ("blood-money") to an aggressor, but the fact that financiers are not philanthropists, and it is doubtful whether any security Italy may give will create confidence in her solvency.

We may conclude that, economically speaking, Italian imperialism is not a great success. But that does not mean that it fails to accomplish what it set out to do. As Professor Salvemini puts it, "The problems of over population and raw materials are economic afterthoughts devised to justify psychological unrest," an unrest born of forty years' unfortunate history and ruthlessly exploited by the extraordinary genius of the Duce.

CHAPTER XVIII

GERMANY'S COLONIAL CLAIMS

JAPAN has already started to create an "East-Asian Bloc" under Japanese control. Italy has just concluded a successful colonial war and added 350,000 square miles to her territory. Thus Germany alone among the three great "dissatisfied" Powers is still completely dissatisfied, and it is over her claims that the storm centre of the colonial problem hangs at present. She enjoys in this respect what she calls a "special position," and no one will dispute it. Unlike Italy and Japan, who once had no colonies and have now annexed some, unlike Poland, who neither in the past has possessed nor at present possesses colonies, Germany is in the unique position of having controlled an overseas empire for over twenty years, and thereafter of having lost it so thoroughly that not a square mile of it remains to her. The empires of other European Powers have disappeared, but never to leave no trace; after the loss of the New World Spain still retained small territories in Africa, the French were driven out of India, but kept a few trading stations. Albuquerque's oriental empire was in decay some three hundred years ago, but large areas of

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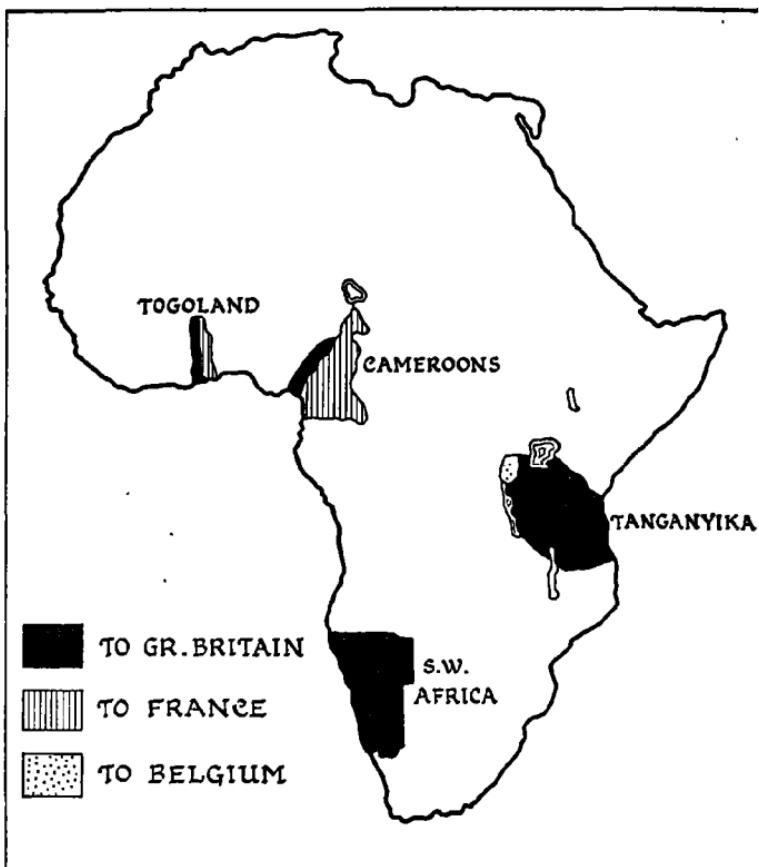
Africa are still under the Portuguese flag. Germany's position is really "special," for it is without historical precedent in modern times.

Germany lost her colonies as a result of her defeat in the Great War. In 1913 her four African colonies—German East Africa, German South-West Africa, Cameroons, and Togoland—covered 1,045,000 square miles and had a population of nearly 13 millions. In the Far East she was in possession of New Guinea and the Bismarck archipelago, several groups of Pacific islands, Samoa, and the territory of Kiao-chau leased from China, in all 95,200 square miles, with a population of 830,000. Germany's total possessions thus amounted to 1,140,000 square miles of land, inhabited by 13,690,000 people. Compared with the empires of France, Great Britain, and Holland her share of colonial territory was not large. Had the war been postponed, it is possible that both she and Great Britain would have added to their empires, for an agreement was reached between them in 1914 upon the eventual distribution of the Portuguese colonies, an agreement to which Portugal was not a partner.

Article 119 of the Treaty of Versailles lays it down that "Germany renounces in favour of the Principal Allied and Associated Powers all her rights and titles over her oversea possessions." No compensation was to be given, and according to a further article (Article 297 (b)) the Allies were given complete rights of liquidation over any "property rights or interests" belonging to German nationals in the old German colonies. The transfer was made to the Allies (not to the League of Nations, which was barely in existence), and according to the terms of the Treaty the Allies would have been at liberty to proceed to a straightforward annexation of the colonies to their own empires. In fact, an intermediate policy was adopted, that of "Mandates." The Allies undertook to administer the colonies as a trust in the interests of the native population, to admit other nations on equal commercial terms with themselves, and to accept the supervision of an international Mandates Commission of the League. There were only three exceptions to this general rule. The Open Door was not guar-

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anted in Japan's C Mandates. The French received permission to recruit a black army in the Cameroons, and



Germany's old colonies in Africa.

that part of the Cameroons ceded by France to Germany in 1911 (after the Algeciras incident) now returned to her absolute sovereignty. Great Britain and the British Empire

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received the lion's share of the Mandates. (The actual distribution was discussed in Chapter V.)

Germany's case against the procedure at Versailles is both juridical and moral, and we must consider it carefully, for it explains why, in spite of the propaganda expended on Germany's economic claims and necessities, the political reasons underlying her colonial demands—matters of honour, of national prestige, and of international justice—are in the final analysis more important than her long list of economic arguments which can be shown to be matters not of fact, but of faith. Propaganda insists more strongly upon the economic factor, because in driving a bargain facts and figures are likely to be more convincing than national discontent. But in mobilizing public opinion, in preparing (if it prove necessary) for a trial of strength, the emotional and psychological reasons will have the last word. And we should remember from the beginning, first, that Germany's moral case is much stronger than her economic one, and secondly, that the nature of modern politics and of the modern state is such that no nation is likely to be converted from a line of action by the proof, however convincing, that it is economically unprofitable. Like Clovis's bishop in Saki's amusing tale, the nations are "out for blood, not tea," even if we substitute for tea *all* the essential raw materials.

Germany bases her legal case against the transfer of her colonies first upon the fact that when the arrival of a British cruiser off German East Africa on August 5, 1914, gave the signal for the opening of hostilities throughout the German colonies in Africa, the Allies were violating Article 11 of the Congo Treaty of 1885 whereby the colonies of Africa had been declared neutral. It is doubtful whether Germany attaches much importance to this argument, for it made its appearance very late in the day, as late as 1936.

The principal argument in Germany's juridical case centres round the connection between Wilson's "Fourteen Points" as the agreed basis of the Armistice, and the final form of the Treaty. As this point is concerned with the argument whereby Germany attacks the legal validity

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of the Versailles settlement as a whole, it concerns much more than any purely colonial questions, but we must discuss it nevertheless. On January 8, 1918, President Wilson laid down "Fourteen Points" which in his view ought to be the basis for negotiating a just peace. Point 5 declared that the colonial question must be settled along lines of "free, open minded and absolutely impartial adjustments of all colonial claims, based upon a strict observance of the principle that the interests of the populations concerned must have equal weight with the equitable claims of the Government whose title is to be determined." These Fourteen Points, the Germans maintain, were the basis upon which they agreed to cease fighting and sign an armistice. Thereafter, at the Peace Conference itself, the Fourteen Points were consistently violated, and nowhere more flagrantly than over the colonial question.

Now Great Britain and France could have made out a good case for depriving Germany of her colonies on the grounds that she might at some future date use her old territories as submarine bases, arm the natives, disturb the balance of power and even upset the peace settlement which the Allies had fought four years to secure. Such a case would have fallen within the scope of Wilson's "equitable claims." But, as we shall see, no such argument was brought forward by the Allies.

When Germany learnt that she was to lose her colonial empire, she based her defence upon the fact that she had acquired the colonies peacefully, by legitimate means, and that they were hers by right of possession; that "being a great civilizing nation" she had "the right and duty to co-operate with the other nations in the common tasks of scientific exploration and of furthering the progress of undeveloped races"; she also appealed to the traditional arguments for colonies as sources of raw materials and a market for her goods, and mentioned that "in view of the unfavourable development of her currency, she must be able to obtain from colonies of her own as many as possible of the raw materials required by her industries." Finally, she referred in vague terms to the necessity of having a dumping ground for surplus population. The crux, how-

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ever, was Wilson's insistence on "the interests of the populations concerned." To-day Germany points out that no attempt by plebiscite or otherwise was ever made to find out the attitude of the natives themselves to a change of administration and ownership. They were arbitrarily transferred to another rule like chattels in the selfish interests of the victorious Powers.

When Germany's claims were brought up, they were answered with what Germany has come to call "the colonial guilt lie." She complains that the Allies, not content with violating the agreed basis of the peace, produced false evidence in defence of their action. A Blue Book was published (*the Report on the Natives of South-West Africa and on their Treatment by Germany*) which was nothing but a collection of atrocity tales directed against Germany's relations with her native peoples. On the strength of this Report Germany's colonies were transferred to the Allies, *not* because of their "equitable right" to be freed in Africa from the menace of German retaliation, but supposedly in the interests of the subject peoples whose protection the Allies were now magnanimously prepared to undertake. When the German protest against Article 119 (based upon Wilson's Fourteen Points) was brought up, the Allies brushed it aside with the reply, "Germany's failure in the domain of colonial civilization is so evident that the Allied and Associated Powers cannot give her a second chance, nor abandon thirteen or fourteen million natives once more to a fate from which the war delivered them."

Now the Germans hotly disputed the British Blue Book, and maintained that most of the evidence was false; they held that on the whole their record as colonial administrators was as good as, if not better than, that of other Powers. They quoted the opinions of such men as President Theodore Roosevelt that the Germans were "men of evident power and energy seeing whom made it easy to understand why German East Africa has thriven apace . . . first-class men . . . doing in East Africa a work of worth to the whole world," or of various Dominion observers who had commented on the "vigour and system" of German colonization; in the opinion of one of them, "of all the

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overlords of Africa, the German has the cleanest hands and the best prospects."

And even though they admitted mistakes, they argued that in view of the scandalous record of other Powers (such as Belgium, for example, or Portugal, whom Great Britain had often condemned) it was rank hypocrisy to use a falsified account of German colonial policy as a cloak for imperialist annexation. The crowning indignity was, perhaps, to see the populous German territory of Ruanda-Urundi transferred to Belgium, whose brutal exploitation of the Congo before the war had reduced the native population from 12 to 8 millions in about twenty years.

It is now possible to understand why the colonial question is regarded as a matter of national honour in Germany, and why the return of the colonies is declared to be a matter of right, not of favour. The Germans feel that in 1919 they were victims of a shameful political manœuvre in that the Allies first suggested an equitable political settlement as the basis of the Armistice, then at the Peace Conference rejected Wilson's Point 5 in the interests of their own imperialism, and finally sought to justify this betrayal of trust by fixing on Germany an infamous and humiliating libel with regard to her colonial record. The colonial guilt lie became embedded in the national subconscious rather in the same way as Adowa and Caporetto rankled at the back of the Italian mind. It did not mean that Germans went about morbidly conscious of the stain upon their honour. It meant that when the time came for Hitler to remind them of it, they realized that *that* was one of the reasons why they had felt oppressed and humiliated so long.

We have still to examine Germany's political and economic case for the return of her old colonies. In fact, she makes no political as opposed to a moral case. Germany's claim for political equality in a world in which Great Powerhood appears necessarily to entail the possession of colonies is psychological and emotional, not political. Indeed she specifically claims to have no "political" (which she interprets as meaning "imperialist") aims at all. She has no strategic ends in view when she

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demands the return of South-West Africa or Tanganyika. She does not wish to levy black armies, or set up air and submarine bases. Nor, she says, is she interested in the relations between the Balance of Power in Europe and the possession of overseas colonies. These are matters for the machiavellian manœuvring of the old democracies, who do not understand that justice and the right to live are alone decisive factors in the policy of "the young and vigorous nations."

We have discussed Germany's attack on colonial injustice. There remains her "right to live," or, in less picturesque terms, the economic advantages she expects to gain from the return of her colonies.

Propaganda in Germany for the return of the colonies is not new. It has been steadily carried on ever since the colonies were lost. But it is only since 1935 that it has occupied a really important place in Germany's external claims and internal propaganda. Immediately after the war the German Colonial Society under the presidency of Dr. Schnee kept the colonial question spasmodically before the public eye. The Society was interested primarily in the political and moral aspect—the colonial guilt lie, national honour, and so forth. But from time to time it also put the traditional economic case. Germany is a land too small for her population and too poor to support them. In an area of only 181,000 square miles she must support a population of some 67 millions, which increases at the rate of some 400,000 a year. In raw materials she is well supplied with coal and potash only. Since 1919, when she lost Lorraine and Silesia, she has been deficient in iron, lead, and zinc. She has no rubber, no cotton, and no wool. Nor is she much better off for foodstuffs. She has no vegetable oils, lacks sufficient grain, and must import every year supplies of fats, fruit, and eggs. On account of her poverty, so runs the argument, and of her growing population, she must have outlets overseas for her emigrants, and she must possess colonial supplies of raw materials to feed her vast industrial machine. Official circles confined their activities to demanding, when the occasion arose, that Germany's claims to a Mandate should be considered. Dr. Stresemann

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brought the matter up during the Locarno negotiations in 1925, and Dr. Lüther declared that now that Germany was to enter the League, her right to hold Mandates was automatically recognized. The public at large appeared to be uninterested, but we can learn something from the attitude of various commercial circles.

On the whole they, too, were indifferent and even hostile to a new effort of colonial expansion. Industry felt on the whole that Germany's real sphere of expansion lay in Central and South-Eastern Europe, and if possible in the Near East. Colonial activities in Africa would only be an unprofitable and possibly embarrassing sideshow. It was enough to have caused one war by falling foul of Great Britain. Let them learn from experience and avoid a conflict over a matter so utterly uninteresting commercially as the old German colonies, which in 1913 had accounted for a minute percentage of Germany's total foreign trade.

There were two important exceptions to this general view. Various firms in Hamburg and Bremen, Germany's two great North Sea ports, would have welcomed a commercial expansion into Africa. Shipping firms especially felt they were more likely to benefit by expansion overseas than by the creation of a big unified market in the heart of Europe (a "Mitteleuropa"). The other exception was Dr. Schacht.

Dr. Schacht was not interested in the political aspect of colonies, nor, strangely enough, in the commercial one either. He had apparently little use for the orthodox arguments for colonies. Probably he realized that the colonies were useless as sources of supply, since they produced none of the basic raw materials of which German industry stood in need. And he had too much good sense and too little optimism to maintain that a few thousand square miles in the tropics were likely to become important markets for German goods. His solution for Germany's excess population was not emigration but intensive industrialization inside Germany, a policy which immediately brought him up against Germany's shortage of raw materials and the delicate problem of her currency.

We have already discussed the difficulty which a nation

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must face if it launches out into intensive industrialization without sufficient raw materials in its own territory and without adequate reserves of capital. Raw materials must be imported and paid for—in foreign currency. This is not a difficult transaction if the industrialized country is able to sell goods abroad in large enough quantities to create a favourable balance of trade, or if it has enough capital to invest overseas and receive interest in the shape of raw materials or currency. The situation in Germany was doubly unfortunate. The post-war years were years of growing economic nationalism, when every nation was engaged in a bitter struggle to produce and sell goods rather than to buy them, and Germany found it more and more difficult to place her manufactures. And the war and the inflation had wiped out Germany's capital reserves. She was herself a debtor country in a world which refused to take her goods as service on her debt and demanded that the transaction be carried out in gold. Behind the high tariff barriers of America and France, the gold silted up, and Dr. Schacht felt that Germany's position was extremely precarious. Therefore in 1926 he began to advocate a colonial policy, not because he believed colonial raw materials to be a solution of Germany's industrial problem, but because he argued that the return of the colonies might ease the strain on Germany's currency. Germany's difficulty, so his argument might have run, is to find enough foreign currency to buy the essentials, such as iron and tin and zinc. It is true that our old colonies do not produce iron and tin and zinc or any other important metal, but they do produce certain primary products which we are at present buying from foreign countries with foreign currency. If our colonies were returned to us, we could buy these primary products with our own money and set free a corresponding amount of our scanty supplies of foreign currency to buy more of the essential raw materials which are only to be found in the territories of foreign sovereign states.

This, then, was the form given to German colonial claims almost at the time of the Peace Treaty. The political upheavals in Germany have not changed it since.

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At first, however, the Nazis were no friends of a strong colonial policy. Their policy was a policy of the soil, of settlement on lands suitable for German agriculture, of the union of all Germans into one vast Reich which, if we are to judge by *Mein Kampf*, was to spread from the Rhineland to the Ukraine, a policy of colonization, perhaps, but of colonization *within* Europe, and a colonization of settlement rather than of exploitation. Nor was the commercial tang of traditional colonial policy much to the taste of the Nazi apologists of "blood and soil," and they disliked the idea of the Aryan race losing its purity and vigour in contact with unsuitable climates and "lesser breeds." Most striking of all was Herr Hitler's condemnation of the pre-war colonial policy as "inept" and his apparent decision to abandon it.

During their first two years in power the Nazi leaders left the colonial problem on one side. Certain high officials, von Epp, for example, and General Goering (whose father had been the first German Commissioner in South-West Africa) were known to be favourable to a revival of Germany's colonial claims, but Hitler's attitude was reserved. The change came suddenly in 1936. Thereafter, hardly a week has passed without some official reference to the problem, and Hitler himself gave the policy his *imprimatur* when at the Party rally in 1936, and again on January 30, 1937, he vigorously demanded the return of the colonies.

It is impossible to say exactly what factors determined this change of front; political reasons played a part. After the entry into the Rhineland in March 1936 there was little left of the Versailles Treaty to tear up except the colonial clauses, which carried with them of course the odious "colonial guilt lie." Another consideration may have been that in the coming negotiations with Great Britain (it will be recalled that Great Britain had been pressing for a general conference on European security ever since 1935) the colonies would be a useful bargaining weapon. Germany might be persuaded to give up her colonial claims in return for compensation elsewhere (say in Eastern Europe). But the reasons for bringing up the colonial question which were most emphatically expressed and widely discussed

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were of an economic order, and the thesis was not the traditional one of "supplies and markets," but Dr. Schacht's thesis of underpinning the German mark. The years which had passed since Dr. Schacht first formulated his theory in 1926 had not led him to modify his ideas. Germany's exchange position was more desperate than ever. 1929 brought the end of American lending, the world-wide slump which was soon to halve the volume of international trade, and the nations' panic-stricken retreat behind higher and higher tariff walls. Germany's export trade was damaged catastrophically. When Hitler came to power in 1933 he was faced with the problem of some 8 million unemployed. He sought a way out in a policy of controlled inflation and internal recovery. The men were brought back to work, the wheels of industry began to turn, but the position with regard to foreign currency grew worse. The slump had already cut down German exports. Germany's internal boom, coming at a time when the rest of the world was still wallowing in the trough of economic depression, cut German industry off still further from the general flow of world trade. Her export trade, nevertheless, is a vital necessity, for without it she cannot secure foreign currency, and without foreign currency she cannot purchase essential materials.

Germany's task in the first two years was simplified by conditions in the world market of primary products. Nowhere had the general fall in price been so catastrophic, and for several years the prices of most raw materials and foodstuffs were ludicrously low. Germany could obtain supplies at this low rate, and she did not feel the pinch of her currency shortage too severely. In 1935 the position changed. Slowly the markets of the world recovered. Many countries were returning to prosperity and began to compete for raw materials. Great Britain, France, and the United States had all embarked on vast armament programmes. Their needs came into direct collision with Germany's, and as the prices of the primary products rose and the scramble for them increased, Germany's position grew more and more unfavourable. She found it difficult to compete in the open market, and other Powers were

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not so ready to conclude "Clearing" agreements with her. They preferred free multilateral trade.

Germany might at this juncture have inflated her currency. Such a step would have lowered costs and helped the export trade to compete in foreign markets. Or she might have made a determined effort to secure a foreign loan. She did neither. Memories of the 1923 inflation were too vivid for the first step. As for the second, the Nazis claimed to have come to power in order to redeem Germany from "the slavery of foreign Jewish finance capital."

Their solution of the problem was the "Four Year Plan" and the drive for self-sufficiency. It took various forms, more intensive exploitation of their own resources, adoption of new types of cultivation (colza and flax), the discovery and manufacture of synthetic materials—synthetic rubber (buna) or synthetic wool (vistra)—the use of substitutes, the avoidance of waste. Hitler youths went out into the woods and collected acorns from which oil could be extracted, and to them fell the task of collecting silver paper, tooth-paste tubes, metal caps, and lead piping. All kitchen waste was to be collected in order to feed 150,000 pigs, and dustmen became state officials with an important task of sifting and selecting useful rubbish.

The aim of this total mobilization of the country's resources is to reduce its dependence upon foreign supplies, and it is significant that the colonial question became a recurrent refrain in German propaganda about the same time as the launching of the mighty industrial effort of the Four Year Plan. The colonies, if and when recovered, were, like everything else in Germany, to be ruthlessly exploited in the interests of German self-sufficiency, and they were to reduce her dependence upon foreign supplies and her need for foreign currency.

If critics protest that the game is not worth the candle because the colonies do not produce Germany's basic needs, the Germans reply that although the colonies do not produce iron or copper or bauxite or cotton or wool, they *do* produce, and could be made to produce more of, certain other materials which Germany must at present buy with

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foreign exchange. The recovery of the colonies would thus set free a certain amount of foreign currency which could be used to buy the really essential metals elsewhere. If, after this, critics still protest that the sum saved is too trifling to be weighed against the risks of the transaction, the Germans can reply that if they find it worth while to legislate about waste tooth-paste containers, colonies are not too insignificant to be of interest to them.

They assess the potential value of the colonies by comparing the amount of any colonial raw material they are obliged to import with the amount which the colony produces now and could be made to produce with more intensive cultivation. The colonial output marks the extent to which the foreign exchange problem would be relieved. Particular insistence is laid on the supply of fats and textiles. Germany's attempt to make herself self-sufficient in fat has been a complete failure. The success of experiments with synthetic textiles still hangs in the balance. Here it is claimed the colonies would help considerably. In 1934 Germany imported 719,469 tons of various oils, and in 1934 the old colonies produced 161,850 tons, about 23 per cent. of Germany's total import. But intensive cultivation would give a higher oil yield in the African colonies, and the colonial percentage of Germany's imports would be greatly increased.

In recent years sisal has been replacing hemp in Germany's imports of fibres. 33 per cent. in 1926, it is now 70 per cent. of the fibre imports. In 1935 Germany imported about 38,000 tons of sisal. But German East Africa (Tanganyika) produces about 70,000 tons a year. The return of Tanganyika would give Germany nearly double her needs in sisal. The supply of phosphates is another example of a high colonial percentage. Nauru island exports 619,800 tons a year, Germany buys about 830,500 tons. The recovery of Nauru would give Germany 75 per cent. of her present purchases.

Other products are tropical woods (the colonies' exports correspond to 22 per cent. of Germany's purchases), cocoa (35 per cent.), rubber (3 per cent.), cotton (2 per cent.). And the Germans maintain that the exploitation of the

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mineral resources of many of her old colonies has barely begun. Gold was first mined in Tanganyika only about a dozen years ago, and the output of the mines is steadily increasing. They maintain further that this exploitation is bound to be delayed so long as the colonies are not put "under entirely new management." They accuse Great Britain and France of being uninterested in the Mandates because of their plethora of colonial possessions, and even of deliberately retarding the economic progress of the Mandates in order that their products shall not compete with the output of other British or French colonies. Germany, with only a few colonies, and only one aim—to produce for the mother country—would develop the territory at a much greater rate.

Germany's colonial policy, as we saw, is based upon effecting economies in the use of foreign exchange. The monetary value of the former German colonies' exports to Germany has been increasing since 1932. Then it was about 5 million marks. Now it is 19 millions. Germany already accounts for 41 per cent. of the value of Tanganyika's total exports, 44 per cent. of the Cameroons's, and 84 per cent. of Togoland's. The total exports of the colonies to all countries amount to some 156 million marks. This, therefore, is the sum by which the German exchange account would profit to-day if she received back her colonies. But Germany estimates that a ten-year plan of development would bring the export figure up to 500 or 600 million marks, and thus the final result would be the setting free annually of 500 million German marks' worth of foreign currency. These at present go to purchase foreign supplies which under the new dispensation would be purchased from the colonies.

The importance given just now to the economic argument is not so remote from the moral argument as it might appear. The Four Year Plan is represented as a super-human manifestation of the German "will to live," and since in this our stark, force-ridden society "the will" means "the right," the right of the German people to live includes the success of the Four Year Plan and the return of the colonies. The issue may be expressed in terms of

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marks and currencies and differential advantages. The driving force behind it is the passionate conviction, which is being sedulously nourished in the German breast, that in depriving Germany of her colonies Versailles deprived her of the very means of existence. Thus the economic issue is not the concern of Dr. Schacht and a group of Hamburg merchants, but of the whole German race.

CHAPTER XIX

THE CASE AGAINST GERMANY

GERMANY has not yet given the world any idea of the precise nature of her colonial demands. Responsible German leaders from Hitler downwards speak of the "settlement of her just colonial claims," but do not say what this is held to include. It might be *less* than the old colonial empire, a token return of colonies to satisfy national honour and to wipe out the colonial guilt lie. It might be the African colonies only. Germany has never included her friend Japan among the Powers glutted with the loot of Versailles, in spite of the fact that Japan received Germany's Pacific islands on very favourable terms and has since "assimilated" them *de facto* if not *de jure* into the Japanese Empire. Or it might be her whole pre-war colonial dominion. When discussing the economic thesis, apologists usually base their estimates on figures covering all the old colonies. Finally, it might include more than the old empire. Germans are wont to make disparaging comments on the contrast between the size of the small European states—Belgium, Portugal, Holland, and Spain—and the importance of their colonial empires. A piece of Angola, Mozambique, and the Congo might be added to Germany's old central African colonies to give her a broad band of territory stretching across Africa from ocean to ocean. Germany is known, too, to have shown some interest in the Netherlands East Indies. Actually, the colonial area may be determined empirically by the amount of territory

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the German government can prevail upon the peace-loving colonial Powers to part with—perhaps under threat of war.

For the purpose of examining Germany's colonial claims it is most convenient to take it for granted that the return of her old colonies is what she has in mind, and we will examine the economic case first of all. The remarkable thing about all Germany's calculations is that she takes it for granted that it will be possible to appropriate the entire colonial output to the mother country. The economic advantages of the colonies are, as we saw, assessed by taking the total monetary value of the colonies' exports as the amount by which the German foreign exchange account will profit. This calculation overlooks a number of difficulties. No colonial Power has yet succeeded in cornering the whole output of its dependencies. The highest figures are not much above 90 per cent. In most cases the percentages (as we saw in Part I.) are much lower. Another point is that Germany makes no subtraction for the cost of administering and exploiting the colonies. It is true that, as this would be carried on in German marks, it does not directly affect the question of foreign exchange, but it does affect the problem of Germany's shortage of capital. A ten-year development scheme does not immediately cover its costs, and Germany, who is straining her capital resources to the utmost, might not find the financing of roads, railways, mines, plant, irrigation, and the like an easy task. She could not seek a solution by inviting the aid of foreign investors, for the service of the debt would mean the diversion of the colonies' resources away from the home market.

Germany is not coming upon virgin land in her old colonies. She may complain that their exploitation has been going forward slowly, but she cannot escape the fact that many foreign firms are working there (for example, all the gold mining in Tanganyika is in British hands). Now, if the colonies are to be run for the economic advantage of Germany only, these foreign firms must go. But does Germany propose to expropriate without compensation? If not, foreign currency or goods must be used to buy out the foreign concerns, and this drain will upset all

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Germany's calculations based upon the monetary value of the colonies' exports. The amount of foreign currency set free will be considerably less than the figures suggest.

A final difficulty is one of international law. So far, the transfer to Germany of colonies has been seriously considered by other Powers only under the form of ceding a Mandate. Germany would receive back her old colonies, but give the usual Mandate guarantee of presenting the Open Door of equal economic opportunity. Moreover, Tanganyika lies within the territory covered by the Congo Convention, which also guarantees the Open Door. Does Germany mean to break this Convention, and are the other Powers ready to see colonies once administered under an Open Door régime return to the exclusive exploitation of one country—a step they could only regard as a return to evil mercantilist principles? Yet if Germany does not receive back her colonies on the understanding that she is at liberty to exclude everybody else, all her economic calculations are invalid.

Even as they stand, they do not promise to relieve the stringency of Germany's economic problem. In 1934 Germany's total imports amounted to 4,451 million marks. The exports of all her former colonies came to 156 millions or about 3.5 per cent. of the German imports. If we were to take the most optimistic German figures and suppose that in a few years' time the exports would have risen to a value of 500 million marks, and that all of them were reserved for the mother country, the proportion would be about 12 per cent. In other words, after years of effort and a big colonial investment, the resulting sum would release only 12 per cent. of the money at present spent on imports. It is difficult, of course, for outside observers to determine whether the effort is worth while. All they can say is that it is not a "commercial proposition"—a criticism which would carry weight only if the German government were interested in profit and loss in the commercial sense, which of course they are not.

Germany's juridical case—the violation of Article 11 of the Congo Convention and of the agreed basis of the Armistice—has little connection with the right (or lack of

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right) of the Allies to expropriate Germany from her old colonies. The breach of Article 11 may strengthen Germany's moral case, but it is not a legal argument. As to the breach of the Armistice agreement, it is a matter of dispute whether there ever was one. The Germans claim that they ceased fighting on that understanding, the Allies that Germany's surrender was unconditional. But it is a useful argument in Germany's moral case that the Allies had adopted Wilson's Points as the official statement of their war aims. Another difficulty is that the Allies actually conquered the German colonies during the war. The Germans may dispute the theory that conquest implies possession, but to do so is in flat contradiction to their own attitude over Abyssinia, and may prove to be an uncomfortable precedent, should they ever make their much-advertised march into the Ukraine.

But Germany has really only used her legal arguments to back up her moral case, which is a strong one. The shoddy manœuvre by which the desire of the British and French for territorial aggrandizement was covered by the plea that Germany was not fit to administer her colonies, and the production of a Blue Book of trumped-up charges to give weight to the accusation, are denounced in Germany as a typical and loathsome example of British hypocrisy, in keeping with a long tradition of behaving like a safe-breaker and talking like an Elder of the Kirk. It was not that Germany could claim an unblemished record, only that it was no worse than other people's and considerably better than some. None of the colonial Powers has clean hands, and Germany bitterly resented the attempt to brand her as the only criminal. As for the Blue Book, it was just another of the atrocity publications which are always spewed up in time of war. In 1924 General Herzog said he doubted whether any living person believed its contents, and in 1926 the Provincial Council of South-West Africa unanimously repudiated it. It has been forgotten in Great Britain and perhaps in Germany too, but it has left behind it a vague uneasiness—in Great Britain the feeling that Germany is in some way unfit to be trusted with native peoples (which is possibly true but applies in

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that case to any white Power), in Germany the belief that she lost her colonies, not through the hazards of war, but through a shameful trick.

Whatever excuse the Allies may have had to distrust the sway of German militarists over defenceless native peoples, this anxiety should have become less acute when they had to deal with the moderate and liberal government of pre-Hitler days. Stresemann and Lüther brought up the question of a German Mandate when Germany entered the League. The attitude of the Allies was as tragically short-sighted on this point as on all others in their dealings with Germany. Germany received no Mandate. Her old expressed desire "to co-operate with the other nations in the common tasks of scientific exploration and of furthering the progress of undeveloped races" was passed over. While Portugal, in its poverty and backwardness, controlled 7 million natives in Angola and Mozambique, Germany, with 265 chairs of colonial science and languages in her 37 universities, and 8 institutes devoted to tropical medicine and agriculture, where her scientists were inventing new drugs and helping to defeat such terrible scourges as sleeping sickness and malaria, was not even asked to share in the administration of a single Mandate—a really ludicrous position.

Whether the position is the same to-day is open to question. Germany has left the League, the old militarism has reappeared, Nazi treatment of "inferior" races, such as the Jews, or of political "dissidents," such as pacifists or Christians, gives food for thought in relation to her colonial claims. General von Epp has given official assurances that German racialism entails the respect of other, however inferior, races, and the protection of the natives in their cultural rights and ancestral traditions, but against these assurances must be set Germany's avowed economic policy, which is one of energetic exploitation in the interests of the mother country. In ten years the yield of the colonies is to be raised from 156 million marks to 500 millions. How can this be done? How has it been done in the past? Even a superficial knowledge of colonial conditions suggests that it is not all done by kindness. In principle at least, a

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Mandatory Power recognizes that its duty is, before everything else, one of trusteeship towards the native peoples. But Germany wants her colonies for what she can get out of them. The natives will be subordinate to an economic machine devised entirely to benefit the mother country. And this view in comparison to the Mandatory ideal is in every sense retrograde.

But the decisive question is not, after all, either economic or moral. It is political.

It is when we turn to the political aspect of Germany's colonial claims that we begin to realize the full complexity of the problem. Germany, as we have seen, bases her case upon arguments of economic necessity and moral right. She disclaims political motives. Her adversaries are placed in a difficult position. They recognize the strength of Germany's moral case. Although everybody does not go to the lengths of Mr. W. H. Dawson and say that "jealous for the good English name, I shall never cease to regard these territorial gains as sordid and ill-gotten and their seizure as the most ungenerous act ever perpetrated in the name of the British Crown, Government and People," most people feel that so long as Great Britain is in undisputed possession of extensive colonial territories which, although under form of a Mandate, includes land once belonging to Germany, she is in a weak position either to take a strong moral line or to refute Germany's economic arguments. As the *Manchester Guardian* put it, "We cannot have it both ways. If it is good for us to be a colonial Power it is good for Germany; if it is bad for Germany, it should be bad for us." It seems on the face of it an obvious step, after admitting Germany's strong moral case and proving the economic unimportance of the whole transaction, to hand the colonies back. The colonies are of so little value that Great Britain would simply be quit of the cost of administering them and Germany would have a wonderful new toy to play with.

To this course of action there are several objections, the most serious being that it implies a return to the 1914 mentality with regard to colonies. The Mandate system is a definite attempt to raise the status of colony-holding

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and remove the colonies from the dusty arena of economic exploitation and imperialist rivalry. To hand them back unconditionally would be a retreat from the one positive attempt yet made to create some system of colonial ethics. The Germans can retort, however, that all this talk about ethics is all very fine, but the "Have" Powers are noticeably more "ethical" about Germany's colonies than about their own. The Mandate preserves the Open Door in Germany's old colonies. In 1931 Great Britain closed the Door in a number of hers. She is upholding two standards of colonial behaviour, a pre-1914 one with regard to her own colonies, a post-1914 one with regard to Germany's—and this, the Germans maintain, is another example of Anglo-Saxon hypocrisy.

For the last two years public opinion in this country has been vaguely conscious of the anomalies existing in British colonial policy. Ever since the Abyssinian war, the contrast between "Haves" and "Have Nots" has been to the front of every international discussion, and Great Britain, the greatest "Have" Power, has become uneasy. The general attitude has come to be that something must be done. The question is, what? There are two reasons why the solution of simply returning Germany's colonies to her has not been proposed. First, there is the feeling, referred to above, that the bandying about of colonial tit-bits in settlement of European difficulties is a return to pre-war imperialist practice. As Lord Lothian put it, the colonial problem has come to be "far more than a question between Germany and her neighbours. It is a question for the world.

. . . Personally I do not believe that the problem can be solved along the lines of the restoration to Germany of the old German colonies. That would not solve Germany's difficulties, and things have changed since 1914. The question must be considered on much wider lines." The English feel that the time has come to take the question of colonies and the access to raw materials as a whole; for example, to mandate *all* territory, thus guaranteeing a universal colonial Open Door, or possibly to create an international colonial Commission, with representatives of all the colonial Powers working on it, to administer the colonies as a whole

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in the interests of the world. Moral and economic considerations support this line of approach—moral, because it implies the recognition of trusteeship for backward peoples; economic, because the advantages given to individual nations by an actual transfer of territory are, as we have seen, almost completely negligible.

The other difficulty, and by far the most grave of all the colonial difficulties, is that Hitler is not Stresemann. A connection exists between the troubled politics of Europe and the colonial problem. First, there is the fact that Germany has finally and categorically left the League, that the kind of internationalization of the colonies which would perhaps be acceptable to this country is just the type of international collaboration that the new Germany detests, that the Mandate system smacks of Versailles and Geneva and is therefore anathema, that the clauses of the Treaty whereby Germany was deprived of the possession of her colonies are the only clauses not yet "torn up," and that therefore it is extremely unlikely that anything short of actual physical possession will satisfy Germany. If she accepted internationalization now, even though all the other colonial Powers accepted it too, she would still feel that in some way Versailles had won after all, and that she had been tricked out of her just rights. In October 1936 General Goering in a passionate speech accused Great Britain of "robbing" Germany, and attributed Germany's economic state of stringency to that loss. A nation which fervently believes it has been robbed is more likely to demand the return of its "property" than to consent to help the burglars administer the booty in the interest of everybody else.

From this unfortunate though understandable intransigence on the part of Germany, some people have concluded that the only thing to do in the interests of peace is to give the colonies back. "Hitler won't be happy till he gets them," they argue. "After all, 1919 was rather a doubtful transaction. Let us give them back—they are no good to us—and then perhaps we can start square and come to an agreement." But this attitude brings us up against a much more formidable difficulty.

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France and Great Britain are standing face to face in Europe with a vast Empire 75 million strong, with a military machine which grows in strength and striking power from hour to hour, with a Leader who has hypnotized the peoples of Germany into obedient sheep, with a programme which includes not only the creation of a powerful hegemony in Europe, the absorption of the Ukraine, and the destruction of France, but a long-term policy which seems to include the domination of the world. A year ago such an estimate of Germany's ambitions might have appeared fantastic, and it is possible that this programme is still only half formulated, and by no means an immediate objective of German policy, but there is such a thing as momentum. The nation in its military straight waistcoat has been swung into motion. Its armies have reached the Danube. Mittel-europa, and with it European hegemony, is not such a distant dream after all. In Germany's mood of national exaltation, what kind of an agreement can be reached? The security of France, and therefore of Great Britain, is menaced in Europe as thoroughly as in 1914. Great Britain is faced once again with the threat of Napoleon.

Observe, then, the connection between this European situation and the colonial question. When Lord Halifax visited Berlin in November 1937 it was generally understood that a colonial settlement would be discussed only in connection with a move towards appeasement in Europe. France and Great Britain must know what to expect in Europe before they come to any conclusions on a transfer of colonial territory. If the German programme in Europe continues with its present momentum—like the unrolling of a military plan timed to the smallest detail—the Western Democracies are faced with war. Obviously, then, they cannot give away to the Power whom they may be obliged to fight vital strategic positions in various parts of the globe, particularly in Africa. Napoleon once said that "war was manœuvring for position." If a general can secure strategic positions without recourse to violence, it is as though the war had already been fought and won. The Cape route to India would be doubly menaced on the west and on the east coast of Africa if Germany's colonies

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were returned to her now. Territories may be as barren as German West Africa and still produce a formidable crop of air and submarine bases. The political reasons for claiming her colonies, which Germany emphatically refuses to use, are just those upon which the opposition of the "Have" Powers are based.

This being the case, there is no escaping the conclusion that the colonial problem has reached a deadlock. Germany refuses participation in an international scheme as unworthy of her, and as a shabby trick to defraud her of her full rights. So long as her triumphant progress through Europe continues, her attitude will become not less but more intransigent. And the more intransigent her attitude is, the less likely are the old Allies, for reasons of strategy and national safety, to concede any transfer of territory at all. But they are not happy in their position, for the lack of any offer on their part can be interpreted and exploited by Germany as a dog-in-the-manger determination to part with no goods, however ill-gotten.

Germany parades the colonial guilt lie, her economic need, equality of right, the unjust distribution of international wealth, and John Bull appears in a lurid light. But Germany refuses every solution offered by John Bull as derogatory to her national honour, for she is not *in principle* opposed to native exploitation, to unfair distribution of the world's resources, and an exclusive control of colonial territory. She only resents the fact that others are enjoying these advantages. She does not want to reform John Bull, she wants to take his place.

And John Bull, who, for all his weakness, covetousness, and hypocrisy, has the glimmerings of a colonial conscience, finds himself manœuvred into a difficult position morally and an impossible condition strategically. Even if he were ready to stifle conscience and consent to a transfer of territory, he cannot afford to give away position which would be a strategic necessity in another war. And, finally, as Germany's tone becomes more confident, her demands more insistent, and her behaviour more intolerable, he must come finally to the conclusion that a concession will be interpreted as weakness, and will therefore not delay but

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hasten war. If a nation gives way to a bully every time it is kicked, he will kick again and kick harder until there is nothing left he wants to take.

CHAPTER XX

A COLONIAL NEW DEAL

I. A solution through International trade

WHETHER the case put by the dissatisfied Powers can be proven or not, whether their reading of the situation is really justified or a mere perversion of the truth, one unescapable fact remains—they have a sense of grievance.

The habit is growing up amongst us of looking rather sceptically at the advantages of imperialism. The whole-hearted affirmation of fifty years ago is giving way to doubt and inquiry. Most of this book has gone to show that the tangible economic advantages of colonial possession are small, that the "colonial" problem of access to raw materials and outlets for trade is really subordinate to a much wider problem, that of restoring some kind of freedom in international trade. It is salutary that a scientific and critical outlook should begin to prevail in the sphere of imperialism, but it is an unfortunate fact that this detached attitude is at present confined to the satisfied Powers, and is most in evidence when some colonial readjustment to their disadvantage is suggested. "Colonies," they say to the hungry Powers, "Colonies? Why do you want to tie millstones round your necks? Why undertake all the expense of administering them, when they are commercially so unattractive? Believe us, you are on the wrong tack. The real way to ease your economic position is to stop rearming or to reduce your tariffs and quotas or to give up exchange control."

The dissatisfied Powers, however, are not convinced—for obvious reasons. "Why," they argue, "if these colonies

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are so unattractive, and are such a drain on the nation's resources, do you cling to them with such tenacity? Why do your statesmen set their face against any change? Why did Mr. Winston Churchill declare in 1935 that 'if we lost the Empire (as we may well do if this question of making concessions is pursued) we should be left starving in this little island, with the population of a first-class Power'? If this is true, are you not condemning us, the dissatisfied Powers, to 'starvation,' by pretending that the colonial bread which nourishes you is really a stone—a millstone in fact?"

We cannot have it both ways. We cannot tell Germany not to worry about colonies because the game is not worth the candle, and then argue against any readjustment of the colonies on the grounds that we should starve without them.

The satisfied Powers are beginning to realize that if they meet the colonial problem in a completely unconstructive spirit they will only add to international tension and unrest. Ever since the Abyssinian conflict, the problem of satisfying the dissatisfied Powers and of evolving some method of peaceful change has been widely discussed in this country. Sir Samuel Hoare in his celebrated speech at Geneva in September 1935, though deprecating too great an emphasis on the value of colonies, admitted the "preponderant advantages of certain Powers," and recognized the fear that "exclusive monopolies" might "be set up at the expense of those countries that do not possess colonial empires."

Sir Samuel gave the clue to opinion in official circles. Great Britain made it clear that she regarded the problem as an economic one of access to raw materials, and a problem, therefore, of readjustment in the sphere of international trade rather than of colonial territory. What must be taken for the time being as the furthest limit of concession was set by Stanley Baldwin in March 1937, when he said that the government would welcome "a joint and general declaration by the colonial Powers, expressing their willingness to be guided in the administration of their colonial territories by the spirit of Article 22 of the Covenant of the League." Article 22 is, of course,

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the Mandates article, and covers the principle of trusteeships ("the wellbeing and development of such peoples form a sacred trust of civilization") and of the Open Door in certain of the territories ("The Mandatory . . . will also secure equal opportunities for the trade and commerce of other Members of the League"). Now, Baldwin's words are very non-committal. Policy may be in "the spirit of Article 22" without exactly fulfilling its provisions. It is possible indeed that the British government had trusteeship rather than "equal opportunities" in mind. It is, however, probably an indication that Great Britain would be ready, in collaboration with other colonial Powers, to return to the policy of the Open Door in her colonies, a policy which she deserted as recently as 1932. Whether France would join in such a policy when, as we saw, her whole colonial system is built up on a policy of "assimilation," is open to question, and if the British government had in mind to adopt a more liberal policy only if the other colonial Powers would agree to do so as well, then Baldwin's plan is likely to remain a soothing but illusory proposal.

As Sir Samuel Hoare's speech in 1935 suggests, official circles have been approaching the colonial problem from so general a standpoint that they seem to have lost sight of the colonial aspect of it altogether. British opinion is satisfied that the economic problem stressed by the dissatisfied Powers is not colonial at all, but concerned with the world-wide collapse of international trade, and it is significant that two recent investigations, both of which have received the official support and encouragement of the British government, have been conducted along lines, not of colonial readjustment, but of general economic appeasement. The first, that of M. Van Zeeland into the conditions necessary to revive international trade, does not directly touch the colonial problem except in so far as it illustrates the way in which the official mind is working in this country. The other, the Committee appointed by the League as a result of Sir Samuel Hoare's speech, to inquire into the question of "Access to Raw Materials," deals in its report, published in September 1937, with two points which directly concern the colonies, one the supply

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of raw materials, the other, the means of paying for them. The "Have Not" Powers (and of them, Germany first and foremost) wish to meet these two problems by acquiring colonial territory. There is some reason to regard the League Committee's report as the answer given to this demand by the satisfied Powers. As we might expect, the line taken is that of insisting upon the unimportance of colonial territory, and of suggesting in place of any territorial transfer the modification of exchange control, quotas, and clearing agreements in the "Have Not" countries and, as a complimentary measure, the revival of international lending and the lowering of tariff barriers to admit more of the poorer countries' goods on the part of the satisfied Powers. On the question of applying an Open Door policy to all colonial territory, the Report is unable to make any recommendation.

Now, according to all the orthodox canons of economic theory, the Report is reasonable and valid. As we have already seen, the economic stringency existing in such countries as Germany and Italy is due to conditions stretching over a period of many years—for example, their industrialization without large capital reserves, their compensatory borrowing from other important industrial countries such as America, and the refusal of these countries to accept manufactured goods in payment of their debt; and then in 1929 the sudden and catastrophic end of all international lending and the trebling and quadrupling of tariff barriers. It is thus perfectly reasonable to suggest that international loans and the lowering of trade barriers are the first steps to be taken, together with the return of the debtor countries to normal conditions of international exchange. It is reasonable, but useless, for it completely overlooks the problem of prestige. The economic committee of the League was justified in leaving out this factor. It did not come within the terms of their inquiry. But governments must base their policy not only upon sober scientific fact, but upon the degree of fantasy which is determining policy in other countries. German prestige demands that there be no return to the slavery of foreign finance capital. The Germans are therefore unlikely to

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welcome a foreign loan. German prestige demands to see the Swastika waving over German South-West Africa. The proposal to lower America's tariffs (perhaps on condition that Germany abolishes exchange control) is regarded by the Germans (perhaps pardonably) as rather irrelevant.

Herr Hitler, in his Reichstag speech of February 20, 1938, has probably said his last word on the proposals of the internationalists. "The claim for German colonial possessions will," he declared, "be voiced from year to year with increasing vigour, possessions which Germany did not take away from other countries and which to-day are virtually of no value to these Powers but appear indispensable for our own people. I should like to turn here against the hope that such claims can be averted by granting credits. We do not want credits, but a foundation to live which enables us to secure national existence by our own industriousness. Above all, we do not wish for naïve assurances that we shall be permitted to buy what we need. We regret such statements once and for all; they are regarded in our country as nothing but sheer mockery. There exists no recipe in world economics which can offer a full substitute for the possibility of an intensive economic system within a territory having the same currency."

To what Herr Hitler attributes the prosperity of Denmark, or Norway, or Sweden, or his neighbour Czechoslovakia, he does not say. But one thing is clear. From Germany's standpoint "international" remedies are so much waste of time, a view which was illustrated in practice by the refusal of both Germany and Italy to send representatives to the League Inquiry on Raw Materials (whose Report we have already discussed), although they "were, so to speak, the plaintiffs on behalf of whom the . . . inquiry had been instituted."

2. Colonial solutions

It is a *colonial* solution that Mussolini went out into the East African desert to seek. It is a colonial solution that Hitler proclaims from the rostrum in Germany.

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Have the satisfied Powers nothing more to offer than a polite reference to the Report of the League Committee? Both in France and in this country public opinion has gone further than the *non possumus* of official quarters, and for the last two or three years books, periodicals, and the Press have been full of colonial discussions, suggestions, and plans. Germany's claims have received more attention than any others, not only because they are still unsatisfied, but because people's consciences are disturbed. The annexation of the German colonies and the publication of the Blue Book of atrocities are not incidents which reflect much credit on Great Britain, and the feeling of the British people for abstract justice is very strong once it has been roused.

Nazi propaganda has awakened British sympathy in a way which pre-Hitler Germany never attempted to do, and it is one of the greatest tragedies of the last two decades that Great Britain was bludgeoned into appreciating the injustices suffered by Germany at Versailles so late in the day that her awakened sense of justice came too late to repair the damage, and only in time to condone the violent methods by which Hitler took the rectification of the Treaty into his own hands. In the colonial question, the "time lag" of the British conscience is particularly unfortunate, for it has created conditions under which, as we shall see, a colonial transfer has become almost impossible. Had the interest and goodwill in Great Britain been as evident and influential in 1926 as in 1936, Germany, the black sheep, on entering the fold of the League might have found a more gracious welcome, and secured the recognition of her new equality of status by receiving a Mandate over one or more of her old colonies. But in 1936 it is no longer a question of a chastened Germany ready gratefully to accept a Mandate, but a rampant Germany demanding the unconditional return of all her colonies, if necessary at the point of the sword.

That is the dilemma in which the satisfied Powers find themselves to-day, a dilemma of their own creating. A change of government in Germany does not wipe out their responsibility for the colonial settlement of 1919, but it does

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make impracticable the only solution, that of a transfer of Mandates, which they would be prepared to accept—a solution which ten years ago everybody would have found acceptable. Nevertheless, the transfer of some of Germany's old colonies back to Germany under a Mandate has been discussed. The three most important conditions to be observed by the Mandatory Power are the safeguarding of the Open Door, recognition of a duty of trusteeship over the natives, and readiness to submit annual reports to the Mandates Commission. In return the administration of the colony, and all the advantages which this may imply, go to the Mandatory Power. Certain circles both in this country and in France are, however, unwilling to see a transfer of Mandated territory back to Germany. They point to the work already accomplished in the Mandates since the war in the sphere of economic development, and the progress achieved in such matters as native administration and local self-government. It would be bewildering and unjust to the native populations to submit them now to a new form of government, to a new set of official regulations, to a new language. Lord Lugard stipulates that no change should be accomplished without "willing consent, or at least complete indifference on the part of the natives themselves," both extremely difficult to establish. We may remark that there is something very disingenuous about our sudden dislike of transferring native populations without their consent. Did they consent to the settlement of 1919? Did we not rather take it for granted that we were conferring on them the greatest of advantages in "freeing" them from German rule? And there remains the fact that since 1919 we have on several occasions made colonial readjustments without showing undue anxiety as to the wishes of the natives themselves. The Mandated territory of Ruanda-Urundi was transferred from Great Britain to Belgium in 1922, and in the same year the small Kionga triangle was taken from the British Mandate to become part and parcel of Portugal's *unmandated* colony, Mozambique.

Another alternative is the transfer of the Mandates not to another foreign Power (Germany, or Italy, or perhaps Poland) but to an international committee, acting for the

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League, on which satisfied, dissatisfied, and neutral Powers (Denmark or Sweden) would be represented. By this means, as Mr. J. L. Hammond puts it, "one by one the problems of colonies" would "be detached from the rivalries of nations and put under international control." Germany would no longer feel that for all her university chairs of colonial learning, she was still being excluded from collaborating in the work of White civilization in Africa. Some French writers appear to support this idea, and Professor Toynbee suggests as a beginning "the transfer of certain selected administrative services from the hands" of the Mandatory Power "to those of the League of Nations."

But although the ideal of a greater measure of international co-operation is widely accepted, this scheme of an international Mandates civil service has been criticized as difficult to work and unlikely to provide such good results as the present system. It would be hard to create that *esprit de corps* and standard of efficiency and solidarity which is the basis of a successful civil service. Language difficulties would arise, and past experience of dual control, for example, the Anglo-Egyptian Condominium in the Sudan, do not encourage further experiments. But even critics of this international bureaucracy encourage the idea of individual collaboration by foreign experts in such spheres as mining, engineering, research, medicine, or education.

For those who oppose the transfer of Mandates to another Power as well as their internationalization there remains, as a last resort, the suggestion to preserve the general lines of the system as it exists to-day, but to improve and widen its application. The Open Door provision must be re-examined and all discrimination in favour of the Mandatory Power abolished. Sometimes the citizens of the Mandatory Power enjoy a preference when it comes to government contracts. The text of the B Mandates allows a very wide qualification of the principle of commercial equality when it declares "that the Mandatory shall be free to organize essential public works and services on such terms and conditions as he thinks fit." Abuses under this heading have been criticized by the Mandates Commission,

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and there is room for improvement. Another suggested reform is some extension of the powers of the Mandates Commission. At present it can make no examination on the spot, and has to await the reports made to it by the Mandatory Power. It is thus not in a position to get at first hand information on local needs and grievances. Its ineffectiveness is increased by the fact that it cannot receive direct appeals from the subject peoples, but only written ones, and these can only be forwarded through the Mandatory Power. Nor has any provision been made for the representation of the natives on the Commission. Reforms could be introduced to deal with all these points, thereby increasing the justice and impartiality of the Mandate system.

There is, of course, one serious disadvantage to all such schemes and suggestions. As we have seen, there is no agreement on their merits even among the satisfied Powers. The dissatisfied Powers are at least unanimous, for they reject them unconditionally. The day has gone when Mussolini would "consider it" (as he did in 1936) "an honour to inform the League of Nations of the progress achieved in her work of civilizing Ethiopia of which she (Italy) has assumed the heavy responsibility," and when Hitler was ready (as he was in 1936) to re-enter the League subject only to the removal of the Covenant from the Treaty of Versailles. Italy and Germany (not to speak of Japan) have left the League, never, so they tell us, to return. They are not interested in Mandates, they are not interested in international civil services, they are not interested in internationalism at all. Internationalists have gone to join the decadent and effete crew of Marxists, Jews, democrats, and pacifists. The future is with the "young" and the "vigorous," who, with Herr Hitler, believe that "the white race is destined to rule. It has the unconscious urge to rule. This urge arises from its heroic conception of wealth, which is entirely non-pacifist." It does indeed need a heroic conception of wealth to believe that the output of the old German colonies can be raised in ten years from 150 to 600 million marks, but the conception is not compatible with the terms of a Mandate.

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What Germany demands is an unconditional transfer of the old colonies back to her absolute sovereignty (that is to say, of most of her old colonies, for it is interesting to notice that Japan's Mandate over Germany's Pacific islands has apparently been accepted, in spite of the fact that Japan has been the only Power to "assimilate" its Mandated territory). Is an unconditional transfer possible? Are we, and with us France and Belgium, willing to rectify at this late date the errors of Versailles, admit the justice of Germany's claim, and hand back the booty? Apparently we are not, and this on the grounds already sketched in Chapter XIX. Germany by her avowed policy *must* violate all those ideals of colonial policy towards which we and the older colonial Powers are groping, and which have found a first though imperfect embodiment in the Mandates system. She *must* close the door to other commercial interests. She *must* exploit the natives for the sake of the market at home. She *must* throw off all semblance of international control, and thus, instead of the colonies being "detached from the rivalries of nations," they would once again become pawns in the grim, relentless game of Great Powerdom. As such, they would serve as air and naval bases, their inhabitants would be militarized for service in wars which did not remotely concern them, and the world would be set ablaze again, as it was in 1760, 1810, and 1914, by an imperialist conflagration in every continent and on every sea. Sooner than this, argue the satisfied Powers, we must take the risk of an explosion, call Germany's bluff, safeguard our strategic positions, and keep our powder dry.

CHAPTER XXI

THE RESPONSIBILITY OF THE SATISFIED POWERS

DISTRUST of Germany, dislike of Nazi methods, uneasiness over the ambitious scope of the new German "mission,"

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all give force to the satisfied Powers' refusal to admit Hitler's case. Memories of the Blue Book mix with tales of the Gestapo to rouse a feeling of indignation at the thought of handing over defenceless natives to masters whose views on race alone seem to disqualify them from controlling alien peoples. These sentiments and our determination to safeguard the progress made so far under the Mandate system do us credit. It is a great pity that our moral earnestness turns to smug complacency when we turn our eyes upon ourselves. Germany must not receive back the Mandates as colonies pure and simple, because she would close the Open Door—a door which we unceremoniously slammed in most of our colonies in 1932. Japan must not close the Open Door in Manchuria, but we can impose special quotas upon her textiles if they undercut Lancashire in our West African colonies. A colonial transfer to Germany would be out of the question because she would use the colonies as air bases and militarize the natives, but what have we made of Gibraltar, or Cyprus, or Aden, or Singapore? Where would France be without her black troops from North Africa, and did not France even secure an exemption in her Cameroons Mandate from the strict Mandatory veto on conscripting native troops? In other words, Germany is not to have back her old colonies for fear she would do what France is doing in them now. And finally, can any one who knows anything of labour conditions in South Africa and Kenya, or has read the Government's report on the riots in 1937 in Trinidad, honestly suppose that we have the right to sit in judgment on the merits and demerits of Germany's treatment of her colonial peoples?

The root of the difficulty lies in the fact that we are applying a dual standard. Most of our own colonies we still work along the traditional lines of economic imperialism. We came to the colonies as merchant adventurers, and we are still holding them in the interests of a commercial system which, whatever it may do for its profiteers and shareholders, does not noticeably increase the welfare of any body of unorganized labour, black or white, which has the misfortune to come under its control. In these

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colonies the commercial principle also demands the exclusion of other competitors, and therefore has within it the seed of imperialist war. The next step to keeping foreign competitors out is fighting them if they try to come in. In this colonial sphere—be it British, or French, or Belgian—the ideals of the Mandate system have made little progress. France “assimilates” her colonies, Great Britain concludes the Ottawa agreements and imposes textile quotas. Trusteeship is secondary to the exploitation of the colony in the interest of the whites. Thus in Kenya and even Tanganyika the natives are excluded from the best land, and throughout South Africa are reduced to a state only differing in name from slavery. The militarization of the natives is a matter of course in the French colonies, and the Italians are quick to point out that when they conquered Abyssinia with the help of their native Askaris, they were only following the British precedent in India where Indian troops helped to win an Empire for the white men.

Yet the ideals of the Mandate system are real and tangible. The Open Door has been preserved, trusteeship put in the first rank, international control recognized. We are a far cry from the blatant and ruthless imperialism of earlier years. The satisfied Powers are quite justified in claiming that to take Mandate status away from a territory and return it to colonial servitude would be a retrograde step. Unfortunately these Powers are inconsistent idealists. They are applying their ideals to colonies which, the Germans claim, by rights never belonged to them. In their own colonies their practice includes most of those undesirable features of which they accuse Germany. They exclude Germany from her old colonies lest she should adopt a policy there which they already apply themselves in their own colonies, defend their action on grounds of a new conception of colonial morality, and then wonder that Germany talks vindictively of Anglo-Saxon hypocrisy.

These inconsistencies have not gone unnoticed either in this country or in France. In both countries the Socialist Party has long called for the internationalization of *all* colonies. A new colonial era must be inaugurated in which

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all economic barriers on nationalist lines are thrown down, in which the development of the native peoples towards economic and political independence goes forward with all speed under the guidance and with the help of the more civilized peoples, and in which, owing to the disappearance of economic and national barriers, war will be banished, and all the advanced nations will co-operate in bringing the rest of the backward world up to a higher material and cultural standard.

This fine ideal which the passage from a purely competitive to a co-operative economic system would bring nearer (though the experience of certain Russian provinces, notably Uzbekstan, suggests that the state can on occasion be as ruthless in exploiting subject—and recalcitrant—peoples as any irresponsible private capitalist or chartered company) is for the time being Utopian, not only because even the most progressive colonial Powers are not prepared to sacrifice their sovereignty, but also because even the sponsors of the scheme do not consider it practicable except, as the Labour Party puts it, as "part and parcel of an international system based upon a real League and real collective security," adding that "it would be quite impracticable in a world of rival imperialist armed Powers" such as we see to-day.

There remains a rather milder variety of the same scheme. Internationalization is too Utopian, but might not the bitterness of the dissatisfied Powers be lessened if we abandoned our dual standard and applied to all our colonies the principles ruling in Mandated territory? This extension of national Mandates to cover all the colonies, together with the various improvements in the Mandate system to which we have already referred, is advocated in this country by many distinguished experts such as Sir Arthur Salter, Professor Norman Bentwich, and Mr. Leonard Barnes. The suggestion is that the "Have" Powers should offer to administer their colonies, "not in exercise of the old arbitrary imperialism, but as agents for the League and in accordance with provisions defined in a League mandate. Those provisions would include, amongst others, the four key provisions of the present B Mandates, viz. that the

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well-being of native peoples should be treated as a primary trust ; that the Open Door should prevail ; that there should be no militarization either of population or territory, and that there should be an annual examination of the Mandatory by the Mandates Commission."

Mr. Barnes suggests that when the time came to make the transfer, the "Have" Powers should strike a hard bargain in return for their concessions, and secure from Germany and Italy and Japan their return to the League, a disarmament convention, and their co-operation in a system of co-operative defence.

This last suggestion and the preoccupation of the Labour Party to which we have already referred throws light on another of the many deadlocks in the colonial problem. The return to Germany of a colony would be a small price to make for peace. French writers have made it quite clear that were it a question of nothing else, they would return the Mandates to-morrow. But they will make no concession and no sacrifice if the guarantee on Germany's side does not correspond to their sacrifice. If making concessions in the colonial sphere simply means an increase in Germany's demands and more brutality (based on the conviction of her opponent's weakness) in the manner of demanding, then obviously the return of a colony, far from solving the question of European peace, would simply give Germany a rather more advantageous position from which to strike when the time came. And here is a deadlock, for Germany now declares that the colonies are hers by right, and nothing will induce her to give guarantees in return for receiving them back. A colonial "deal" (*Kuhhandel*) would be an insult to the honour of the German nation.

The present position of the satisfied Powers is morally weak. They cannot speak with any authority, for at heart they are—or ought to be—uneasy. Are there any immediate steps which could be taken to improve their moral stature? From the first we must recognize the responsibility of the British Empire; from it and from it alone the lead must come. It is the most satisfied of all the satisfied Powers, and any steps taken by it would have important

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consequences all over the world. It is true that the Dominions are sovereign and independent, yet they do represent a certain political relationship with the mother country, and as Mr. Roden Buxton has pointed out, the Dominions, unlike foreign states, "enter into negotiation with the whole might of the British navy at their back. Australia disregards Japanese claims because Singapore is not far from her shores; South Africa pursues her dangerous native policy because she believes Great Britain would be bound to see her through in the event of a native rebellion; and so, in the last resort, the Empire appears to the world outside as a political unit." This "political unit" covers one quarter of the globe, a measure of its vast responsibility.

What steps are possible? An immediate one would be the revision of the Ottawa agreements and a return to the Open Door in the colonies. Japan would have less need to go aggressively forward in China if her goods were sure of finding a market all over the world. Another salutary measure would be some alteration in the existing emigration laws. Australia's attitude towards Japanese and Italian emigration is senseless and dangerous. Six and a half million people whose rate of increase is already falling cannot keep to themselves a land which even the soberest statistician believes capable of supporting 15 to 20 millions. Canada too has an exclusive emigration policy and the same lack of vital energy in its own population. Instead of the 20 millions which was forecast at the beginning of the century, the population is only about 10 millions. Most of the unallotted land in the world lies inside the British Empire, where birth-rates are everywhere declining. Italy and Japan cannot be expected to take their exclusion as a matter of course.

A further step might be a gradual transfer of all colonial territory to a Mandate system. The provision of a universal colonial Open Door would meet the economic grievances only. The grievances of wounded prestige—if they can be met at all—will be overcome only by some measure of international co-operation. A first step towards the enlarging of the Mandate ideal might be the appointment of

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foreigners (especially citizens of the dissatisfied nations) to administrative posts. Lord Lugard, who is in general no friend to the idea of extending the Mandate system, finds the idea of increased international co-operation through individual appointments a valuable one.

In spite of all the administration difficulties—problems of transfer, problems of control, and the like—the idea of extending the Mandate system to cover all colonies is a very important one. It would strengthen the position of the satisfied Powers in dealing with a Germany who would, it is to be feared, still be discontented with anything less than 100 per cent. return of the old colonies. The Powers would be able to say, "The old conception of colonies is out of date. Collaborate with us in a new international scheme and we will gladly welcome you, but we cannot admit a return to the bad old system we have left behind us in our own empires." It is not suggested that Germany would be satisfied, but at least she would no longer be in a position to tell the satisfied Powers to practise what they preached before they came temporizing and moralizing to her.

Unfortunately the British government has refused so far to give any lead in this sense. In 1937 Lord (at that time Mr.) Baldwin declared that "the application of the Mandate system to the British colonial empire would not be welcomed by the inhabitants of the dependencies themselves, who are proud of their status as British subjects and would resent being placed in a different category from other members of the British Empire. Moreover, the authority both of Parliament and of the local legislatures over the Colonial Dependencies would to some extent be prejudiced." A final objection was the inadequacy of the Mandates Commission to the task, and the necessity of creating some kind of international Colonial Office.

It is perhaps unfortunate that Lord Baldwin based his objection upon the supposed unwillingness of the colonial peoples to change their status. Had it been ascertained? Was Lord Baldwin certain that none of the subject peoples would not gladly have exchanged their present position for one in which the principle of native trusteeships was

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recognized before anything else? Does the experience of Ireland or India demonstrate the wholehearted devotion of subject peoples to the British raj? The issue cannot be evaded in this way.

British imperialism is a thing of shreds and patches. To its credit it must be said that some of the patches are extremely good. The experiment of Indirect Rule in Nigeria and Tanganyika, the usually liberal attitude of the Colonial Office, the enlightenment of thousands of colonial administrators, whose work has been and is inspired by devotion to the native peoples, must be recognized and appreciated. But the good work and good policy prevailing in some of our colonies are not enough to outweigh bad conditions elsewhere. Germany will not go to West Africa for examples of British colonial practice but to Kenya, the native Protectorates, and South Africa, where the exploitation of the natives by white capitalists and planters, the conditions on the farms and in the mines, penal legislation and the colour bar, do not make up a very pleasing picture of Great Britain overseas. To be morally invulnerable we must be consistent not with the worst but with the very best of our colonial practice.

Such a step as the extension of the Mandates principle demands two great sacrifices, our readiness to renounce all exclusive economic advantages in our colonial dependencies, and our determination to change trusteeship from an ideal to a reality by giving up once and for all the advantages we may gain by exploiting native land and native labour. These two steps obviously entail modifications in our existing economic system which is based upon exclusive advantages and exploitation. But which is better? Modification by science and common sense? Or modification on the anvil and under the hammer of modern war?

The challenge of the "Have Not" Powers is economic and political, and we have seen to what extent it is justified; but above all it is a moral one. We have every right to complain that their sense of grievance is based upon an old-fangled and exploded though dangerous view of colonial advantage. Since we enjoy the advantages, who can pass judgment better than we on the profit and loss of the

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colonial balance sheet ? But our position also implies a heavy responsibility. We cannot expect Germany to take the lead in renouncing colonial exploitation. She has no colonies to exploit. We, the exploiters, must take the first step. If we do not, then "Haves" and "Have Nots," successful exploiters with would-be exploiters, imperialists past with imperialists present, will go down together into the pit of war which our selfishness, shortsightedness, and lack of courage have helped to dig.



THE END

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